



GOVERNANCE VS MANAGEMENT

The Chair-CEO Relationship: A Leading Indicator of Board Health

Structure creates the conditions. It does not build the partnership itself

Every principle covered so far this quarter, the governance and management line, the first chief executive hire, delegations of authority, runs through one relationship in practice. AICD guidance on the role of the chair describes the chair and chief executive relationship as critical, built on trust, respect and constructive challenge. It is worth taking seriously that a governance body has judged this single relationship important enough to warrant its own dedicated guidance.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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What The Role Actually Requires, According To The AICD

The AICD's guidance on the chair's role describes the position as the bridge between board and management, ensuring board decisions are communicated to management through the chief executive, offering guidance without stepping into day-to-day operational detail, precisely the governance and management boundary discussed earlier in this quarter. Regular meetings between chair and chief executive are described as the norm, with updates from those conversations shared back with the full board. This last point deserves emphasis: the chair's regular contact with the chief executive is not a private channel that substitutes for board oversight. It exists precisely to feed board oversight, which is the entire difference between healthy chair engagement and the inner board risk discussed earlier in this quarter.

The Counter-Intuitive Research Finding

A frequently cited piece of research on this relationship, a small qualitative US study by Mary Hiland of 18 chair and executive director pairs in Silicon Valley, reported in *Nonprofit Quarterly*, reached a counter-intuitive conclusion worth naming directly. The prevailing governance advice, clarify roles, document responsibilities, follow the job description, explained comparatively little about which partnerships actually worked well. What distinguished the strongest relationships was not adherence to formal role definitions but trust, built through an ongoing process of give and take, with each party adapting to the other's style over time rather than defaulting to a fixed script. Reliance on rigid role structure showed up specifically in the lower-trust relationships, used as a substitute for working understanding rather than a

complement to it. A study of this size cannot prove what drives board health, but the pattern is worth noting.

This does not contradict the delegations of authority and governance boundary discipline covered earlier in this quarter. Clear structure remains necessary. What the research adds is that structure alone does not produce a good chair-executive relationship, and a board that believes a sufficiently detailed role document will substitute for the actual relationship work is solving only part of the problem. A precisely worded delegations document and a well-drafted chair role description will not, by themselves, produce a functioning partnership. They create the conditions for one. The partnership itself still has to be built, deliberately, by two people choosing to trust each other under pressure.

What UK Guidance Adds

UK guidance from the Association of Chairs, based on interviews with chairs and chief executives, also emphasises open communication, mutual trust and a deliberate balance between challenge and support. The practical implication is that a chair should not assume they know how the relationship feels from the other side. Asking the chief executive directly, and periodically, how the partnership is working surfaces the kind of blind spot an ongoing relationship can reveal and a governance document never will.

Building The Relationship Deliberately, Not Hoping It Develops

- Establish a regular, protected meeting cadence between chair and chief executive, not an ad hoc arrangement that erodes whenever both calendars get busy.
- Commit explicitly to a no-surprises standard in both directions, so neither party learns of a significant issue for the first time in a full board meeting.
- Feed the substance of chair-executive conversations back to the full board as a matter of course, keeping the relationship transparent to the governance body it ultimately serves rather than functioning as a private channel.
- Revisit how the relationship itself is working periodically, not just the organisation's performance, since the research above suggests the relationship's health is a leading indicator of board health more broadly.
- If the relationship becomes too close to allow challenge, or breaks down, any director should raise it with the full board, for example through the deputy chair or a board-only session, rather than leaving it to the two people involved.

This series has spent this quarter building the structural scaffolding, the governance and management boundary, delegated authority, the first executive hire. The chair-executive relationship is where that scaffolding either gets used well or quietly bypassed. Get this relationship right, and everything else in this quarter becomes considerably easier to sustain. Get it wrong, and no amount of precise drafting elsewhere will fully compensate.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

The Chair-CEO Relationship: A Leading Indicator of Board Health

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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