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6 Essential Tasks of the Board and the CEO

By: Ben Heineman, Jr.
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In this week's article on CorpCounsel.com, "Boards, CEOs, and C-Suite Compliance," Scott Killingsworth argues that there is more for boards of directors to do in ensuring compliance than selecting the right CEO.

Of course.

I have long maintained that there are six essential governance tasks for boards and business leaders to restore trust in corporations by fusing high performance with high integrity:

1. Redefine the CEO role to include focus on performance, integrity, and risk.

2. and 3. Change executive training and CEO selection process to emphasize all three of those elements.

4. Define annual operating and longer term strategic objectives in all three areas, include financial and non-financial measurements, and share these objectives candidly with investors and the public as a critical way to enhance accountability.

5. Tailor CEO and senior business leader compensation to achievement of those objectives in the short, medium, and longer term, with appropriate compensation deferral, hold-backs and claw-backs.

6. Focus board oversight on the priority risks and challenges in those key performance, integrity, and risk operating and strategic objectives upon which executive compensation is determined.

These are seamless tasks that get to the essence of corporate governance. If boards and CEOs could work together to do these six things well, we would, in my view, see a step function improvement.

For those interested in a short form of this argument, read here. For a longer form analysis, read here [PDF].

Ben Heineman Jr., former General Electric Company senior vice president-general counsel, is currently senior fellow at Harvard's law and government schools. He writes occasional commentary for Corporate Counsel on developments in the law and the legal profession.

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