Stepping into the Chair

CHAIR-CEO RELATIONSHIP GUIDE

A practical guide for first-time chairs

Institute of DIRECTORS NEW ZEALAND

Purpose

The chair-CEO relationship is one of the most important working relationships in governance. It needs trust, candour and regular communication, as well as clear boundaries.

The CEO is accountable to the board, not to the chair alone. The chair leads the board's relationship with the CEO by helping clarify expectations, supporting useful communication, enabling constructive challenge, and ensuring the CEO receives clear feedback and understands what the board expects.

The chair also has a particular working relationship with the CEO. The chair is often the CEO's first governance contact point, sounding board and early warning channel. This relationship can help the CEO use the board well and help the board understand what needs its attention. It should not become a private governance channel or a substitute for board decision-making.

In some organisations, a remuneration committee, people and culture committee, nominations committee or other board committee may have delegated responsibilities relating to the CEO. This may include recommending or reviewing CEO remuneration, overseeing performance review processes, reviewing KPIs, supporting succession planning, or advising on employment terms. Those committees can play an important role, but their authority depends on the board's delegations, committee terms of reference, the CEO's employment agreement and applicable law. The board should remain clear about which matters are delegated, which are recommended back to the board and which remain matters for the full board.

For a first-time chair, this relationship can be difficult to calibrate. The chair may want to be supportive without becoming too close to the CEO's perspective, challenge without creating unnecessary distance, and help the CEO prepare for board discussion without pre-determining the board's view. If you are stepping up from within the board, the CEO may already know you as a director or former peer. If you are joining as chair, you may need more time to understand the existing chair-CEO habits, expectations and history before deciding what needs to change.

This can be particularly sensitive where the CEO had a close relationship with the previous chair, or where the chair transition was difficult. The new chair may inherit expectations or habits that need to be understood before they are reset. Understand that history without reopening it, then establish how the relationship will support the board's work now.

This resource is part of Stepping into the Chair, a set of practical IoD resources for first-time chairs. The set includes the Transition guide, First 180 days as chair transition plan, Chair–CEO relationship guide and Chair moves.

Cover photo by:
Pham Nhat on Unsplash

September 2026

This guide is organised around four transition themes:

Also in this guide:

← Back to contents

1. Shift

Understand what changes in the chair-CEO relationship

As a director, your relationship with the CEO is usually experienced through the board. As chair, contact with the CEO becomes more regular and more influential. You may become a sounding board, agenda-shaper, early warning point and interpreter of board expectations.

As agenda-shaper, the chair works with the CEO and governance support to ensure the agenda reflects board priorities and brings forward matters requiring board judgement.

That does not make you the CEO's operational manager. It also does not make you the CEO's advocate to the board. The CEO remains accountable to the board. Your role as chair is to lead the board's relationship with the CEO without blurring that accountability.

A strong chair-CEO relationship gives the CEO a trusted governance sounding board and helps the board see important issues early. Ideas can be tested, assumptions challenged and problems raised before they become surprises. The board's collective role should remain clear throughout.

The shift is particularly important where the CEO was used to a close, informal or longstanding relationship with the previous chair. Some previous practices may have supported good governance; others may have depended too much on personal closeness, informal access or early reassurance before matters came to the board. Understand how that relationship worked before deciding what to keep and where clearer boundaries are needed.

Watchpoint for first-time chairs

More frequent contact with the CEO can unintentionally make the chair a filter between management and the board. Make sure the relationship improves the board's visibility rather than narrowing it, and that matters needing board attention reach the board rather than remaining within the chair–CEO relationship.

Chair discipline: *Do not inherit the previous chair–CEO relationship by default. Preserve what supported good governance and reset what needs clearer boundaries.*

SCENARIO FOR CHAIR REFLECTION

The previous chair and CEO had a warm and longstanding relationship. They spoke often, sometimes informally and outside scheduled meetings. The CEO valued the previous chair as a trusted confidante and may have become used to testing ideas, seeking reassurance or getting an early steer before matters came to the board.

As the new chair, you want to build trust with the CEO while establishing a relationship that works for you and supports the board's collective role. Some of the existing habits may be useful and worth retaining; others may rely heavily on personal closeness or informal access. You also want to avoid making the transition feel like a judgement on the previous chair or CEO .

Reflect

1. *What aspects of the previous chair-CEO relationship should be preserved because they worked well for the board, and what may need to be reset because they depended too much on personal closeness or informal access?*
2. *How can I build trust with the CEO while making clear that this relationship will be constructive, bounded and anchored in the board's collective role?*

Back to contents

2. Set

Establish expectations, communication and boundaries

The chair-CEO relationship needs structure to avoid drift. Regular contact matters, but the purpose of that contact matters more. Too little communication can lead to surprises. Too much communication can draw the chair into management or create the perception that decisions are being shaped before the board sees them.

***Chair discipline:** Be flexible on style, but firm on authority, information quality and process.*

The chair should set expectations about how communication will work, what belongs in regular chair-CEO conversations, what needs to come to the board, what should go to a committee, how urgent matters will be handled, and how the chair, CEO and governance support will develop the agenda and forward work programme.

This is also where committee roles need to be clear. A remuneration or people and culture committee may have delegated responsibility to lead parts of the CEO performance or remuneration process. The chair should not cut across that committee's role. Equally, the committee should not become disconnected from the board's overall expectations of the CEO. The chair often has a role in ensuring the CEO, committee and board understand the process, timing and boundaries.

A new chair may need to adapt to the CEO's communication style, particularly if the CEO was used to a different approach from the previous chair. Adapting style is different from compromising governance boundaries. The chair can adapt to the CEO's style while remaining clear about what belongs with the board, a committee, or the CEO under delegation. Where the CEO pushes for continuity with the previous chair's approach, the chair can acknowledge what worked while being clear about why some practices need to change.

Chair-CEO ways of working

The chair-CEO relationship works best when both parties are clear about what can be discussed informally, what needs to go through a committee, what belongs with the full board and what remains with management. These settings will depend on the organisation's delegations, committee terms of reference, CEO employment agreement and board charter.

A first-time chair does not need to memorise the allocation of responsibilities. Before acting, check where the matter properly sits.

← Back to contents

Chair considerations	Why it matters
Is this a matter I can discuss with the CEO, or am I being asked to decide something?	Helps the chair provide support and test thinking without becoming a decision-maker outside board authority.
Does a committee need to review, recommend or advise before board consideration?	Protects committee roles, particularly for CEO remuneration, performance review, people, audit, risk or nomination matters.
Does this need to be owned or decided by the full board?	Keeps strategy, risk, CEO accountability and significant decisions with the board.
Is this within management's delegated authority?	Avoids drawing the chair or board into operational matters that sit with the CEO.
What should remain visible to the board?	Prevents the chair-CEO relationship becoming a private channel for matters the board should know about.

Prompts for chair-CEO conversations

Regular conversations should not become a second management meeting or an informal substitute for board business. Their purpose is to maintain trust, surface issues early, support the CEO and help the board get the information it needs. Use the following prompts selectively:

Shaping the agenda

- What is happening that the board may need to understand?
- What needs board judgement and what sits with management?
- Which matters most need board time and judgement?
- Is anything important being crowded out or omitted?

CEO support

- How are you managing current pressures?
- Where would challenge, support or a sounding board be useful?
- Is anything difficult to raise with the board?

Reflecting and following through

- What worked well at the last meeting and what could improve?
- What follow-up is required and who owns it?

Boundaries and visibility

- Is anything sitting between us that the board or a committee needs to know?
- Are we maintaining openness without drawing the chair into management?

Watchpoint for first-time chairs

Be careful about giving the CEO certainty that only the board can provide. It is appropriate to test thinking, ask questions and help sharpen what comes to the board. The chair should not approve, reject or pre-negotiate board decisions unless the board has delegated that authority. The chair can test whether a matter is ready for the board and ask management to address gaps in information, options, risks or analysis before it comes forward.

This is especially important in CEO performance, remuneration and exit discussions. Early conversations can create risk if they suggest the board has closed its mind, reached a decision without process, or acted outside agreed delegations.

Regular conversations should allow room for unfinished thinking, bad news and difficult issues. Be clear that not everything disclosed to the chair can remain confidential from the board.

SCENARIO FOR CHAIR REFLECTION

The CEO sends you a major proposal before the papers go out and asks, “Are you comfortable with this going forward?” The matter requires a board decision and is likely to generate debate.

The CEO says they want to avoid surprises at the meeting and would value your view before the paper is finalised. You can see areas where the information, options and risks could be clearer, but you are conscious that too much direction could influence the recommendation or create an expectation that the chair is already comfortable with the proposed approach.

Reflect

1. *What feedback can I give that improves the quality of the paper without signalling that the board has already formed a view?*
2. *What information, options or risks need to be clearer before the matter is ready for board discussion?*

Photo by:
Pham Nhat on Unsplash

Back to contents

3. Strengthen

Build trust, support, challenge and board connection

A strong chair-CEO relationship can withstand disagreement. It allows candour, early discussion and constructive challenge while keeping accountability clear.

The CEO should be able to raise emerging issues, bad news and unfinished thinking without feeling ambushed or punished. Equally, the chair should be able to test assumptions, question the quality of information and ensure the board has the opportunity to consider options, risks and recommendations properly.

The chair's role is also to help the board act as a resource to the CEO. That means drawing out directors' experience, ensuring challenge is constructive and helping the CEO hear the board's collective expectations. It does not mean softening the board's challenge until it becomes meaningless or allowing individual directors to undermine the CEO outside proper process.

Where committees are involved, the chair should keep the roles connected. For example, the people and culture committee may lead the CEO performance review process, but the chair may still be the person who has regular informal conversations with the CEO. The remuneration committee may recommend CEO remuneration, but the chair may need to ensure the process reflects board expectations, contractual obligations and reputational judgement.

When the CEO is used to a different approach, the chair may need to explain the reason for a reset. Explain what needs to change in terms of clearer board discussion, expectations and accountability, rather than personal preference or criticism of the previous chair.

Chair discipline: *Support the CEO without insulating them from the board.*

What to clarify with the CEO

Some issues cannot remain between the chair and CEO. Matters involving CEO performance, remuneration, conduct, succession, significant risk, legal exposure or major stakeholder impact may need to go to the relevant committee, the full board, legal advisers or another appropriate process.

Watchpoint for first-time chairs

Be alert to becoming so closely identified with the CEO's perspective that independent challenge becomes harder. Support the CEO while preserving the board's ability to ask hard questions and hold management to account.

Where CEO performance concerns arise, avoid informal conversations becoming a substitute for proper process. A chair may have early 'fireside' conversations with the CEO, but those conversations should be handled carefully. The chair should avoid signalling that a decision has already been made, using careless language, or creating the impression that the board has closed its mind before the proper process has occurred.

SCENARIO FOR CHAIR REFLECTION

The CEO tells you that some directors are "not supportive" and that board discussion has become frustrating. The CEO asks whether you can "get the board aligned" before the next meeting.

Recent board discussions have involved strong challenge, requests for more information and different views about the way forward. The CEO feels the board is making it difficult to progress the issue and wants to know whether you share that concern. You want to understand whether there is a problem with board dynamics or process, while also being alert to the possibility that legitimate challenge is being interpreted as resistance.

Reflect

1. *What is the CEO really asking for: clearer expectations, better process, help with board dynamics, or support for a preferred outcome?*
2. *How can I help the CEO prepare for constructive board discussion without narrowing the board's independence, challenge or decision-making?*

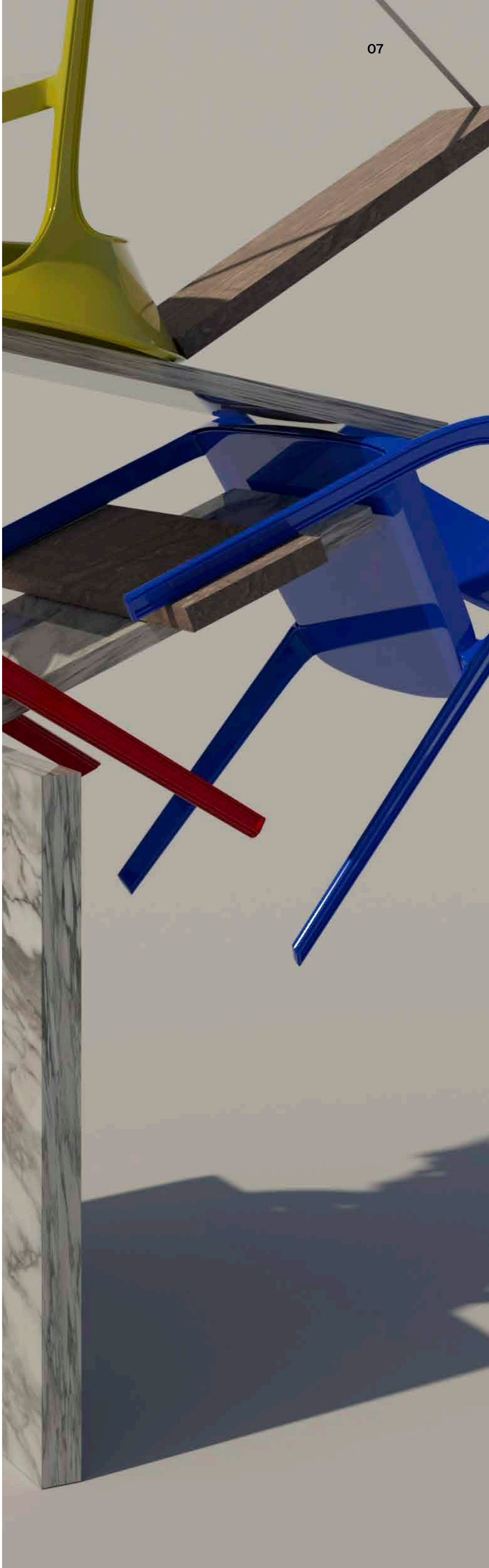


Photo by:
Pham Nhat on Unsplash

← Back to contents

4. Sustain

Maintain the relationship through performance, pressure and change

The chair-CEO relationship needs periodic review. A relationship that works well in stable conditions may be tested by poor performance, financial pressure, stakeholder scrutiny, crisis, CEO fatigue, board division or chair transition.

The chair should ensure that CEO objectives, KPIs, performance feedback and review processes are clear and owned by the board. A committee may lead or support parts of this process, especially where CEO remuneration, incentives, executive performance or succession sit within its terms of reference. The chair may provide regular feedback, ensure the CEO is not surprised by board concerns, and support the committee or board to approach performance matters with fairness, discipline and judgement.

CEO performance, succession and transition issues require particular care. The chair may have the first or most direct conversation with the CEO, but these matters should not be treated as the chair's alone to manage. The board, relevant committee, legal advisers and agreed process may all have a role. The chair should keep the process fair, disciplined and confidential, with the organisation's best interests at the centre.

Watchpoint for first-time chairs

A courteous relationship is not enough if difficult issues are being avoided. The relationship should allow concerns to be raised early, give the board the information it needs and support clear accountability.

CEO performance or exit issues should not be treated as purely chair-CEO matters. The chair may lead key conversations, but the process may involve the full board, a committee, legal advice, employment documentation and careful communication planning.

Chair discipline: *Keep performance, succession and transition matters board-owned, even where the chair leads key conversations.*

SCENARIO FOR CHAIR REFLECTION

Six months in, your meetings with the CEO are regular and courteous. There are no obvious conflicts. But board papers still feel defensive, difficult issues arrive late and directors feel they are being asked to endorse decisions rather than shape them.

At the same time, the people and culture committee is preparing for the CEO performance review and is unsure how much of your informal feedback should feed into the formal process.

Reflect

1. *What might be missing from the chair-CEO relationship if meetings are cordial but papers remain defensive and issues arrive late?*
2. *What should be reset with the CEO and what should be shared with the relevant committee or full board?*

Back to contents

Final reflection

Is this relationship strengthening the board?

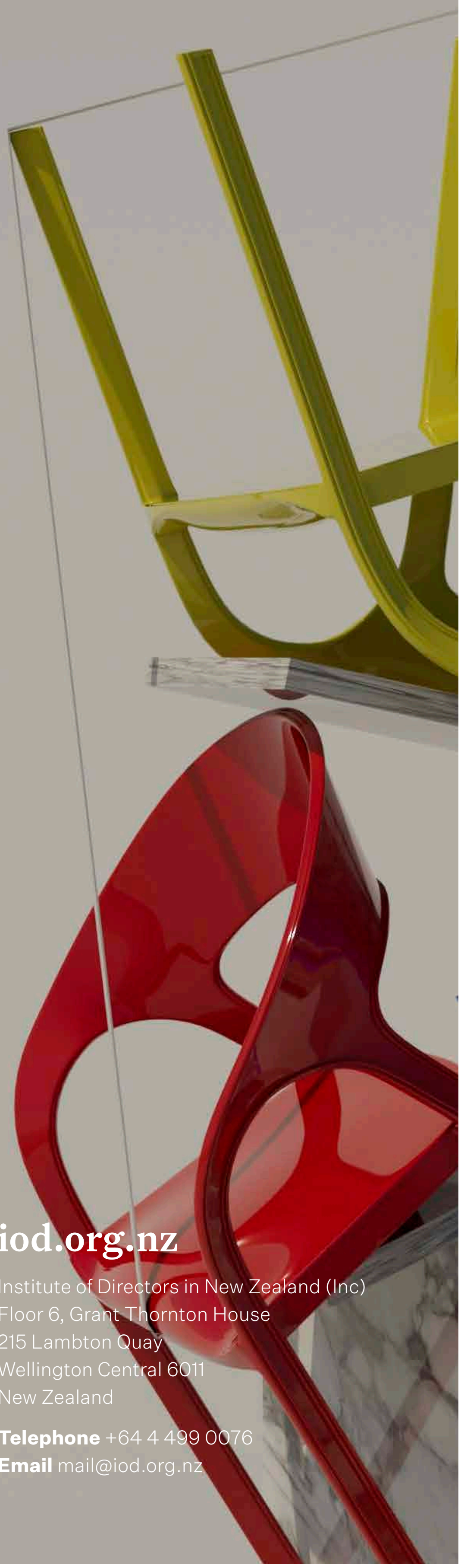
The chair-CEO relationship should make it easier for the CEO to use the board well and for the board to hold the CEO to account. It should allow early discussion without shifting decisions away from the board and enough trust for difficult issues to be raised and tested.

For a first-time chair, four questions are worth returning to:

Questions

- *Is this matter mine, the CEO's, a committee's or the board's?*
- *Am I helping the CEO use the board well?*
- *Am I helping the board support, challenge and hold the CEO to account?*
- *Is the board properly owning the expectations, decisions and risks that belong to it?*

The chair has a special relationship with the CEO, but it is special because of what it enables: better governance, clearer accountability and stronger organisational performance.



iod.org.nz

Institute of Directors in New Zealand (Inc)
Floor 6, Grant Thornton House
215 Lambton Quay
Wellington Central 6011
New Zealand

Telephone +64 4 499 0076
Email mail@iod.org.nz

Institute of
DIRECTORS
NEW ZEALAND