



Susan Salka, CEO of AMN Healthcare



### The New Director's Chair

Conversations with business leaders about changing board dynamics in an age of disruption.

Biweekly Series

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# For Board Meetings, CEOs Must Own the Briefing Book and "Watch Lists"

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Adam Bryant

*For the next installment of our interview series with top directors, my colleague [David Reimer](#), the CEO of [The ExCo Group](#), and I sat down with [Susan Salka](#), the CEO of AMN Healthcare, who serves on the board of McKesson Corporation and previously served on the boards of Beckman Coulter and Playtex Products. Susan shared many smart insights around the themes of clarity and accountability, and the qualities that she values most in CEOs. **Reimer: What have been some key lessons that you've learned from serving on boards?** Salka: One is the importance of management teams being transparent with the board. If they're sharing too little information or if you learn about everything at the last minute, that can be symptomatic of a lack of trust or lack of clarity around the role that a board plays. Sometimes the management teams can hold things a little too close and then you get a surprise. In retrospect, of course, everyone thinks, "Why didn't you share this with us earlier?" Another lesson is the importance of speaking up if you're concerned about something. Sometimes, as a newer board member, you might think, "I should just keep my mouth shut and see how this unfolds. Maybe somebody else will bring it up." Then you realize later, "I really should have brought that up." There's a difference between that and just talking to hear yourself, which I've also witnessed with some board members. It's about knowing that balance of when to speak up and when to listen. **Reimer: How as a CEO do you hit the right balance of giving the board the right amount of information but not too much?** Salka: The challenge is to step back and distill the most important issues. It's the CEO's job to own the book that we prepare for the board and own the overarching message. It's pretty*

telling when the CEO isn't even aware of what's in their own board book. A good way to do that, to make sure that you as the leader are really owning it, is to write the executive summary. If you write a good executive memo that is the preface for the board book, you should be able to capture the main items.

Sometimes CEOs are too nervous to do that. They don't want to put down the big issues in plain English because they're worried about it being discoverable or something. But for the board to be focused on the biggest issues, you can't take up their time with too much detail. "It's pretty telling when the CEO isn't even aware of what's in their own board book."

It's also your job as CEO to make sure that you're not just talking about the bad stuff and that you're giving a balanced view. One practice I adopted from another company is to do a "watch list" for the board. Every senior manager who presents on a business unit will do a watch list – "These are the things that I'm worried about, and these are the things that are going well and that I'm watching to make sure that they continue to go well." I also like that approach as a board member. It helps us cut through all the noise to understand the biggest issues.

The other thing I've learned is the importance of giving your directors access to other leaders a layer or two down. It helps them see the talent and the bench of the organization, and it gives those people access to the board. You learn more about the business by having dinner with them, and not just the same direct reports to the CEO who always come to the board meetings. That also gives you a good sense of the culture. Is the CEO willing to do that, or would they rather not have you interacting with their people?

**Bryant: As a director, how do you get a sense of the cultural health of the organization?**

Salka: In the boardroom, I want to see key talent reviews for succession planning — the up-and-coming leaders of the organization — and how the company goes through that process. I want to see their pictures, too, to get a sense of whether there is good diversity, both in gender and ethnicity within the leadership team, and even more so in the up-and-coming ranks.

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Unfortunately, most companies aren't where they want to be or should be. And they may say, "Well, we're working on it." But if you look at their succession planning, you can tell how hard they are working on it. I like to dive deep into those discussions on succession planning and don't mind being the one who asks the tough questions in a very nice way. "Why don't we have more women coming up through the business leadership succession ranks? What are we doing to fix that? And oh, by the way, why has it been the same way for the last several years?"

Engagement surveys also can be helpful, although in my experience there's a tendency to just share the good numbers and not necessarily the negatives. So usually I ask to see the top numbers and the bottom numbers. And outside the boardroom, directors should stay up on what's happening in the news with their companies, and not just what the company sends them. They should do their own research. Not that you can believe everything that's written, certainly in social media, but you should be familiar with what's out there.

**Bryant: And what's the role of the chief human resources officer with the board?**

Salka: Next to the CEO, the CHRO is the primary steward of the culture of the organization, and they should have a direct accountability to the CEO and to the board, making the board aware of any concerns that they have around cultural issues, integrity issues, ethical issues, etc.

You can often tell whether the CHRO really has the pulse of what's happening across the company and whether they are willing to be honest about that or are just dismissive of certain issues. I've seen situations where the CHRO says that they do get complaints about something, like that there aren't enough women coming up through leadership, but their answer is the women just self-select out because they don't really want to work that many hours. A broad statement like that can be telling about the culture, and suggests that the senior leadership is part of the problem.

You have to understand if the CHRO sees themselves as a steward of the culture or whether they are just a "yes woman" or "yes man" to the CEO and they see their job of keeping the board at a distance. It's important to have a very direct dialogue with the CHRO. Are they transparent? Do you see them as being a good coach and confidante to the CEO? Or are they

a protector? They should be a protector of the company but not a protector of information so that people don't really know what's going on.

**Reimer: As a board member, how do you make sure the company is addressing threats of disruption to the company and industry?**

Salka: It should be discussed in the broader strategic planning discussions. Is it the same dialogue year after year, or is it evolving? I've seen both. Are we trying to come at the strategy in a new way? Are they bringing possible positive and negative market scenarios to the attention of the board and really diving into them, as opposed to just saying, "Amazon's never going to get into our space, and let me tell you all the reasons why they'll never be in our business."

Instead, we should ask, "What if they did? What would we do about that?" It's a question of mindset. Does the management team sincerely want to dive into those threats and opportunities, and they are transparent about that with the board? Or do they just take their strategy and filter out the bad stuff and wrap it up in a bow? I've seen management teams do an exceptional job of laying out the top threat and opportunity scenarios and walk through them with the board.

**Reimer: As a director, what qualities do you value most in CEOs?**

Salka: I'm looking for a visionary and cultural leader. They can create a vision that people can understand and, as my dad would say, they can break it down to "cows, chickens and taters" and relate that vision to a broad array of audiences, including shareholders, clients, thought leaders, and most importantly to their own employees. Can they create a vision that their frontline person can understand, and see how they fit it into it? Can they build a culture so they can feel like they can thrive and achieve whatever's important to them? For some people, that might just be a paycheck, but it's actually better if there's more than that.

"Can they create a vision that their frontline person can understand, and see how they fit it into it?"

I also look for someone who is passionate about the business and the impact it can make. Third is intellectual curiosity and agility. You can be really curious, but if your mind can't be changed about something, then you're probably going to be a little too narrow and not fast enough in your thinking and in your actions.

Values are important. I know everyone says that, and it's a hard thing to detect. Ego is fine. To be a CEO, you've got to have some ego, and you've got to believe that you're bringing something to the table. But I want someone I can trust.

The last thing I look for is whether they put the company and others first. I'm a big subscriber to the idea of servant leadership. I want someone who, when making a tough decision, would always do the right thing for the company or for the team members or for others.

**Bryant: What's the most important leadership lesson you've learned?**

Salka: It's about being genuine and approachable. When you're a young new leader, you might think you have to act a certain way that makes you seem unapproachable. But as you move up through the ranks, you realize you need to be as approachable as possible. The more comfortable people are with me, the more I'll learn what we can be doing better or different. People can tell if you're not really genuine.

Second would be to lead with a purpose. If you lead with a purpose, people and performance will follow. Third would probably just be to do everything you can to help others succeed. I'm learning that more and more every day. The more I focus on helping other people be successful, the more my company is successful and I'm successful.

**Bryant: Who was the biggest influence for you that shaped those values?**

Salka: My dad. I grew up in a small town in Nebraska, where you just have salt-of-the-earth people who would work hard and they're there to do anything for you. No one's impressed with what you drive, although if your pickup is clean, they might be impressed. He just instilled in me this idea that, to a great degree, we are all the same, and don't get too big for your britches. I just have this fundamental belief that we all should be trying to do the best we can and each day we have the opportunity to make an impact.