



Boardroom Dynamics

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Webinar structure

- The board as a social organism
- The need for effective group leadership
- Key challenges in relation to board dynamics and some possible approaches



Acknowledging that a Board is a Social Organism



Good governance has many ingredients but it is ultimately about culture and behaviour



“It’s not rules and regulations. *It’s the way people work together.* The most pressing need is for boards to be strong, high functioning work-groups whose members trust and challenge each other and engage directly with senior managers on critical issues facing the organisation.”

Jeffrey Sonnenfeld



Good governance is a group process that requires...

- Attention to the board as a social organism to ensure it has processes that support positive and constructive engagement among its members
- The creation of a 'learning community' that realises the potential of each board member
- The development of a collective consciousness – and the acceptance of collective responsibility
- The formation and management of a collaborative, mutually respectful partnership with management



The Importance Of The Board Chair's Contribution To Positive Group Dynamics



There are particular challenges for and demands on board chairs





The chair must take responsibility for the quality of context...

- 'Context' – the milieu in which the collective dialogue takes place
- Does it support...
 - ▶ Group collaboration?
 - ▶ Individual participation and contribution?
 - ▶ The blending of individuals with diverse backgrounds (and even divergent objectives)?
 - ▶ Rigorous intellectual analysis?
 - ▶ Continuous learning?



A board chair must be able to...

- Pay simultaneous attention to both the *content* and *process* of a board's work
- Acknowledge and manage both the *intellectual* and *emotional* dimensions of that work





Key Challenges in Relation to Board Dynamics



1. Managing the status dilemma

- Keep the status dynamics from hurting the quality of board dialogue
- Keep directors out of narrow 'expertise' silos
- Encourage pooling of diverse ideas, minority opinions
- Encourage collective commitment
- Techniques
 - ▶ 'calling on'
 - ▶ 'polling'
 - ▶ Pre-meeting conversations



2. Managing the tension between board and management

- Recognising the asymmetry of 'power' – in both directions
- Techniques
 - ▶ Pre-meeting preparation – Knowing which concerns are likely to surface
 - ▶ Building bridges – pre-empting 'them and us' situations
 - ▶ Foreshadowing discussion – laying the groundwork/framing discussions that will come up later
 - ▶ Integrating the discussion – showing how points of contention/criticism fit into a wider purpose
 - ▶ Modelling the relationship



3. Sustain board cohesion while encouraging a contest of ideas

- Conduct searching, open, and divergent discussion and finish by speaking with one voice
- Ensure task conflict does not become relationship conflict (even allowing for the emotional content)
- Techniques
 - ▶ Keep the board on task (substantive issues)
 - ▶ Articulate end points and points of disagreement
 - ▶ Move on from a dominant critic – seek other views
 - ▶ Allow disagreement to exist but not disrupt
 - ▶ Have the board make a decision (taking a vote is OK)



4. Manage the ambiguous nature of the board's role

- Legally the board's role is only broadly defined
- Ensure directors are operating with a common understanding of the board's role...but change according to the state of the business
- Techniques
 - ▶ Be explicit about the purpose and context of each discussion
 - ▶ Be clear about what has been agreed
 - ▶ Model desired behaviours
 - ▶ Philosophise about the way the board should operate



Questions?



Some signs of malfunctioning board dynamics

- Weak leadership
- An unduly dominant personality
- Politicking and dysfunctional coalition formation
- Excessive conformity – lack of independent thought
- Disrupted and manipulated information flows



Some signs of malfunctioning board dynamics (2)

- Marginalisation
- Social loafing
- Distraction
- Resignation of key executives
- Dysfunctional group norms/values



Board/group cognitive limitations that impact on the quality of decision-making

Shared information bias

- Groups spend focus on information that many group members already share in common. The group is more likely to feel it is progressing to a consensus.

- Remedies
 - ▶ Altering group composition
 - ▶ Extend the time available for discussion
 - ▶ Assign the devil's advocate role
 - ▶ Use group decision support systems(E.g. meet via computer)



Board/group cognitive limitations that impact on the quality of decision-making

Pluralistic ignorance

- Members of a group hold varied opinions or beliefs but do not express them in the mistaken belief they are inconsistent with others in the group
- Remedies
 - ▶ Maintain a culture that encourages open communication and open dissent
 - ▶ Refresh the board's membership regularly



Group think – an example of group process impact on decision-making

- A consequence of internal group pressures
- Counter by:
 - ▶ membership diversity
 - ▶ heightened awareness of group dynamics
 - ▶ processes (e.g. devil's advocate) designed to introduce and validate countervailing information and views
 - ▶ active and aware process facilitation
 - ▶ structured decision making




Inability to handle conflict successfully

Dysfunctional governing values and norms: For example:

- Objectivity at all costs
- Win/don't lose
- Always maintain control
- Avoid embarrassment



Assessing and enhancing the current culture

- Identify the unwritten rules or norms that operate in the boardroom
 - Discuss and agree which of these the board would like to adopt
 - Discuss and add desirable norms that are missing
 - Agree and pledge (e.g. to an agreed code of conduct)
- 



Getting started on norms – some examples

➤ Civility

- ▶ Courtesy in working with one's colleagues
- ▶ Politeness sets a cooperative tone and encourages openness, sharing of experiences and ideas

➤ A willingness to take risks

- ▶ Encourages daring and creativity; venturing into intellectual terra incognita
- ▶ “In order to see, one must be willing to be seen”

➤ A genuine appreciation of diversity

- ▶ In backgrounds, personalities, questions posed, learning styles, frames of inquiry, spectrums of interpretation, etc
- ▶ Avoids the trap of single track paths to single point destinations



Other desirable cultural and social system characteristics

- Listen to constructive mavericks or dissenters
- Celebrate difference and diversity
- Encourage participation and speaking up
- Encourage examination and challenge of assumptions and beliefs
- Avoid typecasting individuals
- Engineer a diverse board membership



Desirable cultural and social system characteristics (continued)

- Use scenarios to force attention to alternate realities and possibilities
- Provide adequate time to explore differences
- Design and apply processes that broaden directors' thinking
- Invite external challenge
- Engineer a diverse board membership
- Active performance review – board and director



Take personal responsibility

- Sometimes you just “know” you are “right”
- To be more effective, alter your emotional tone, listen
- Write down others’ comments, ask questions
- Focus on common ground rather than points of disagreement
- Back down and reflect on how what you just said sounds to others at the table.



Questions?

Thank you for your participation
