

WHEN DIRECTORS ARE SPLIT ON AN ISSUE

A few years ago, I was asked to assist a board of directors to resolve what they considered an intractable issue. Three years following a major acquisition, the overall performance of the company was sub-par. Sales had declined and showed no sign of material recovery. Employee engagement results were at a three-year low. Declining profitability meant that investments had to be delayed; some of these investments had the potential to improve the customer experience.

The directors had become increasingly concerned with the longevity of some of the issues. On this, they were aligned. However, they were almost evenly split on the cause. Half of the directors believed the CEO's leadership was the root cause of all performance gaps. Half of the directors believed other factors were contributing to the performance gaps. These factors included weak performance by some of the executive team, new market entrants and formidable competitors.

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As is sometimes the case with a group of intelligent, experienced and highly committed directors, the debate continued in a circular manner as each side offered evidence to support their viewpoint.

In the end, we resolved the debate and split opinions by taking these (and other) affirmative actions:

- I asked the appropriate committee chairs, e.g. HR and Finance, to take the lead and a more active role, working with management to identify root causes and to make a set of recommendations.
- I asked the CEO to provide the board a three-month, six-month and one-year plan with outcomes and metrics, to address the areas of greatest risk to the organization.
- Directors met one-on-one with some of the executive team to better understand their perspective.

What did the board learn from this situation?

The chair learned that he needed to take a stronger leadership position sooner, particularly when there was an area of major disagreement among the directors. The directors learned that noses in, fingers out, does not mean waiting for the CEO and the management team to address the issues on their own. And the directors agreed that they needed to provide the same level of candor during the in-camera discussions as they did in hallway conversations with those holding the same view.