

DEADLY EMBRACE CAN PROVE LETHAL FOR BOARDS

In the world of technology, we describe the crippling condition that occurs when two computer programs vie for control—a phenomenon that happens when each program waits and prevents the other from making progress—as a "deadly embrace." A similar stalemate occurs when board members try to influence others to concede the defects in their arguments, without acknowledging the failings in their own.

Instead of moving forward with strategic decisions and changes, people spend excessive time in abortive or destructive debate, creating conflict and the governance equivalent to the deadly embrace. Few boards can emerge from this sort of deadlock without compromising transparency. Instead of conveying respect, fostering trust, and encouraging two-way communication, board members compromise their working relationships. Here's what else happens:

- Both the CEO and directors advocate decisions that reflect their own best interest, frequently losing a global perspective or one that reflects the best interest of the organization.
- Everyone wastes time because they spend more time debating than analyzing.
- The group abandons the give-andtake required for effective solutions.

- Brainstorming ceases because people spot problems early, oppose and propose; and the group abandons viable solutions too early.
- When rivalry sets in, distractions occur, and everyone loses focus.
- Decisions stall and productivity wanes.

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Athletic coaches do this every day, but business leaders haven't been quite so successful. Athletic coaches give constant feedback to their players—consistently working to improve performance. Board members can improve their performance and that of the CEO if they provide feedback to each other, but most don't.



Some companies conduct an annual evaluation of their directors; however, the assessment produces a score card, not necessarily meaningful feedback, or change. In other organizations, a misconception exists that this kind of assessment needs to occur only when the board faces a crisis, dysfunctional relationships, or a problematic director. Board members could remove roadblocks early if they instead engaged in an assessment that evaluates the complexity of personal interactions, enhances the contributions of individual members, and aligns expectations of the entire board.

This approach promotes high professional standardsforperformance, leverages strengths, and mitigates weaknesses of individual directors. Similarly, when CEOs receive candid, anonymous feedback, they can dramatically improve their performance too. When people understand how others perceive them, they learn what they need to do to communicate more effectively, even when communication involves resolving conflict.

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Constructive conflict involves a commitment to finding resolution to differences, focusing on what's right not who's right. Real change seldom occurs without challenging the status quo and other members of the decision-making group. However, when members attack each other instead of the issue, destruction of both relationships and the decision-making process occurs. Successful businesses should encourage debate that leads to positive change, but too often both boards and CEOs rely on their own ideas and seek only those opinions that expand or support these views.

These kinds of leaders don't encourage debate or conflict because they don't want it. If the CEO happens to be very smart, informed about the industry, and decisive, the company can enjoy success for the period that person stays at the helm. However, this approach puts the company at risk because too much depends on one person, and when that person isn't available, the company usually experiences decline. For a business to change and thrive, the people challenging the status quo all must have the aptitude, integrity, and experience to put the right issues on the table.

Boards frequently gloss over conflict unless the CEO or board chair demands that members address it. Too often both encourage groupthink—a room full of people who eagerly want to know what those in powerful positions think so they can provide echoes. Business leaders that challenge the ordinary do better. They encourage debate by starting it. They frame issues and questions, withhold their own opinions, and require every person to express an opinion before they give their own. They even assign someone the role of devil's advocate if they think they're hearing too many of their own ideas. When CEOs keep quiet and witness a constructive conflict, they improve their own decision-making and objectivity. Here are five other ideas for improving governance and decision-makina:

1. Put the goal of the discussion in one sentence—one that gets to the core of the issue. Before attempting to resolve differences or approach conflict, clearly state the desire to find a solution that will work for all involved. When board members fail to take this significant first step, they allow secondary issues to divert or confuse them. However, when they concentrate on achieving the primary goal and developing the required behaviors for accomplishing it, they minimize the tendency to engage in personal agendas.

- 2. Do the homework. general, In gathering information some beforehand about the other person's situation and perspective helps to make communication more successful. This can diffuse volatile issues and unveil the elements of a workable solution. Given the chance, the other person may articulate the problem first, setting the stage for a very productive discussion. Directors who prepare for meetings by carefully reviewing the board book take steps in the right direction. Similarly, CEOs who diligently prepare the book with a concise summary do their part to streamline the process.
- 3. Keep communication constructive. The purpose of communication is to enhance performance and produce better outcomes. Flawed technique can quickly turn a meeting into a fruitless argument, however. Instead of blurting out every thought that comes to mind, successful board members remain cognizant of how their words and non-word messages will be received and perceived. They keep the desired outcome in mind and don't give in to emotional outbursts. They listen to others' ideas before they give their own. They ask open-ended questions to draw others out and to encourage them to talk about the conflict. They dig for understanding without implying criticism.
- **4. Be specific.** When board members avoid global statements and sweeping generalizations, they more effectively communicate what they mean. No one can respond adequately to generalities; therefore, they frequently engender a defensive response. However, when

everyone uses concrete language, identifies specific behaviors, and describes tangible outcomes, others can more easily appreciate the nature of the difficulty. These kinds of effective leaders rely on facts instead of judgments or inferences and avoid giving feedback that becomes personal.

5. Depersonalize the conflict. Too often we approach conflict with the idea that the other person is deliberately trying to make a situation difficult. However, if we start with the notion that the other person isn't damaged or nefarious and focus on behavior, not the person, everyone can concentrate on desired changes. Build on areas of agreement before addressing areas of difference.

Conflict can be beneficial when everyone focuses on finding the best outcome. However, a deadly embrace ensues when the process fails to produce mutually satisfying solutions or when it becomes personal in nature. Stellar boards don't let this happen. Instead, members try to arrive at a common goal around which everyone involved can focus as they work through areas of disagreement. In other words, members don't agree to an outcome they will not support, but they find solutions they can live with, not necessarily ones they'll die for. They surface reservations at every turn, avoid entrenched positions, and strive to find a "win" for all affected parties.

Before any of that can happen, however, the board and CEO must work together to create a culture of learning, a place where attempts, not just successes, are rewarded. When problems arise, decision-makers strive to understand cause, not assign blame. They deconstruct success in order to replicate it, all the while pouring a strong foundation for both growth and change.

If you have any questions about The Board Mindset, visit <u>www.theboardmindset.com</u> or <u>contact us</u>.