

WHY MINDSET IS A VITAL, BUT OFTEN IGNORED, ASPECT OF GOVERNANCE AND WHAT TO DO ABOUT IT

Do you believe that people can achieve whatever they set their minds to? Do you believe that if you work hard, you will be rewarded? Do you believe that where there is a will, there is a way?

Your answers to these questions provide a hint about your mindset, which has a powerful influence over how you take in information, evaluate it, what information is valued, and how you make decisions.

For board members, insight into how individual directors and the board as a whole, take in information, organize it, decide what is important and what to ignore, positions the board to be far more effective than a board that avoids the reflection needed to generate this type of insight.

Mindset is so influential that it can overpower knowledge, convince us that facts aren't true, and falsehoods are true. Mindset can lead us down the path of irrational thinking and poor decision-making, without any intention or awareness.

When we ask directors what most vexes them about their board service, the answers often point back to the board itself. However, the actions taken to resolve issues don't often address the important role of the board, especially its mindset. Why is that? A variety of

reasons, including: It's too vague, too obvious, is a waste of time, among others.

Mindset is a big concept and hard to tackle without deconstructing it. Carol Dweck has done a marvelous job of identifying fixed and growth mindsets in a way that is easy to understand. It is our contention that boards with a fixed, collective mindset will not be interested in the ideas put forth by The Board Mindset™, but if you have read this far, perhaps your mindset is more open – a quality that will serve you well.

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It is our experience that there are five vital aspects of mindset that are especially applicable to boards. They are: **beliefs, cognition, emotion, motivation, and resilience.**

- Beliefs determine what we accept as true and what we discard. While most like to think they are rational creatures, and that is sometimes true, humans are often creatures who *rationalize*, meaning we find reasons to justify what we think and believe. Our advice

is that boards should identify their core beliefs and how they inform board decisions.

- Cognition is part of how we evaluate what we see and experience. Some cognition is automatic and habitual, saving time and reducing stress. This works well in routine situations but is a poor ally when circumstances are complex, ambiguous, and unfamiliar. These are the sort of situations that boards face routinely. We advise boards to think about their own thinking, a process known as meta-cognition.
- Emotion is the fuel for behavior, and it is important to know what pushes us and what dampens us. Though many are loathe to admit it, our behavior can be altered by a desire to avoid unpleasantness, even in a boardroom. Better to admit that emotion is a real factor in interpersonal relationships and decisions, and a board is a combination of individuals in a social context.
- Motivation is the internal force that moves us – you can fan it, fuel it, or kill it but aligning it is the most valuable thing anyone can do. Directors, like most people, misunderstand what truly motivates people and may use a narrow set of rewards (money) when other factors are as important to understand and utilize.

- Resilience is important because there are always disappointments and setbacks which require us to see them as temporary and non-fatal if we are to continue pursuing our goals. Even sophisticated individuals on boards can become exasperated, angry, or disappointed to the point that they act in ways they regret.

While the structural and process aspects of good governance are essential, truly exceptional boards often invest in the reflective work of looking at themselves with respect to the aspects of governance that are vital but ignored by most. A critical aspect to consider is mindset.

Helping Define Your Company's Future Success

We can help you formulate a strategy that works:

- Defines the choices a company is making about who is and who is not a customer
- Doesn't serve as a rationalization for budgets
- Challenges assumptions
- Seeks to reduce risk, not avoid it
- Serves as a framework in which adjustments are expected and can be accommodated

We advise on any unaddressed issues to help the board and the company move forward. If you have any questions about The Board Mindset, visit www.theboardmindset.com or [contact us](#).