

WHY DIRECTORS NEED STRATEGIC COURAGE

Leaders often praise and reward heroic actions, the “dive in the dirt” moves that save the day. Sometimes speed and boldness win the day, but heroics can lure us into using ad-hoc interventions as a default instead of doing the less glamorous work that makes heroics rare and mostly unnecessary.

Boards with collective strategic courage are alert to how often and in what situations dramatic actions, or tales of heroism, are part

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of management's story. These stories provide clues about how much an organization relies on a single person, luck, or ad-hoc measures, as well as signs that something simply isn't right. Sometimes, unusually great results are also signs that something isn't right. For example, the fraud that led to outsized results in retail banking at [Wells Fargo](#) or [claims by Theranos](#) that small amounts of blood were adequate to deliver multiple test results. If only the boards of those companies had looked a bit closer, they might have been able to interrupt the misdeeds.

As shocking as these examples may be, millions

more minor instances lead to loss, but boards may fail to identify the cause correctly. Why? Because directors are as vulnerable to being distracted by heroes as anyone else. Directors may even see themselves as heroes, doing good.

Boards with strategic courage guide organizations to create cultures that openly challenge default thinking and workarounds and where extreme heroics are needed only in actual emergencies. Jim Detert's excellent article, [“What Courageous Leaders Do Differently”](#) in Harvard Business Review takes a close look at courageous leadership behavior, which is far more helpful than the typical but cartoonish “tough guy.”

Three characteristics of boards that have strategic courage:

- 1. Breadth of knowledge and intellectual flexibility.** Leaders who are good communicators tend to have a facility with metaphors and analogies. They can tell stories using content from their business and outside their company, history, literature, or a particular hobby. Vibrant boards use novel sources of information and insight as often as those more typical. Boards with diversity and healthy culture have many more lenses to look through and more opportunities to think in different and better ways.

Wise leaders gather and think about ideas from many sources, including those some might judge unusual, as though it is a dangerous pursuit.

Thinking is not harmful, but defaulting to certainty can be deadly. A danger for directors is, paradoxically, their experience and history of success, which can lead them into deadly overconfidence.

2. Constant curiosity. On the heels of someone acting with great boldness and speed to achieve a laudable result, it is easy to miss the opportunity to learn. Yes, the hero did something extraordinary, but why was it necessary? Yes, results matter, but knowing how they were achieved matters as much. Business schools use examples of the good, the bad, and the truly terrible, for good reason – to learn.

3. Ability to let go. One of the most challenging aspects of strategy work is helping clients let go. Let go of what?

- Businesses that no longer fit their strategy
- Ideas that don't serve them
- Destructive people
- Habits masquerading as process
- Hero worship

It is especially tough for directors to let go of something they previously advocated for. This is a human cause of losses, large and small. Even if circumstances have changed, it can be hard to change course, never mind admit mistakes, but leaders who do so provide a model for others to do the same.

Boards with strategic courage are neither reckless nor naive, nor are they the “do or die”

type that will cling to what isn't working. Instead, strategic courage allows leaders, at any level, to be open, experiment, learn, adapt, and move in the right direction. These behaviors, repeated over time, serve as a model for others and are far more effective than giving awards for rescue missions that didn't need to happen.

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](#).