

THE BOARD IS SPLIT

“The board is split. I don’t know how to address it.” Board Chair

Does this sound familiar? It is more common than you may realize. There are several situations that create dissent among directors. These include CEO performance and/or compensation; director attendance, participation, and contribution; director engagement; appropriate governance; role clarity, etcetera. Conflict also stems from disagreements regarding involvement in operations, and levels of risk tolerance.

Left unchecked, the dissent may erode trust in the Chair, disengage some directors, result in ill-founded decisions and poorer direction to management, loss of confidence in the CEO, missed growth opportunities, and lessened company performance.

What are the best ways to address dissension? The board chair, and/or committee chairs of Audit and Finance or Governance are best equipped to take the lead in these situations.

Audit and Finance chairs can provide data and analysis to guide directors to data-driven and quantitative decisions. Governance chairs can provide best guidance on the role of directors in governance, and steering them away from operational interference. They can also be highly effective in establishing role clarity for directors, committee chairs and management.

Skilled board chairs anticipate conflict and debate. They recognize that varied opinions are often a reflection of a diverse slate of directors, each viewing situations through a lens carved from their past experiences. Effective board chairs also recognize when the conflict is eroding board effectiveness.

How do board chairs effectively navigate these rapids?

- They observe the current environment, directors’ body language, any noticeable change in director behaviour or demeanour, and the nature of in-camera discussions.
- They also look ahead and consider, “If we allow the current dynamics and debate (or dissent) to continue, what are the implications? What are the benefits, and what are the risks? What is a successful outcome six and nine months from now?”
- They operate with full transparency, while maintaining confidentiality and the reputations of all participants.
 - This includes an open acknowledgement of the differences of opinions. They allow for all views and rationales to be presented.
 - They seek to understand opposing views and ask others to do the same.

- As much as possible, the board chair demonstrates neutrality during the discussions.

This does not include abdicating responsibility, or staying silent in their views. It is expressed by holding back on one's opinion until others have fully shared their views.

An effective chair summarizes what he/she has heard, and offers observations and their own supporting comments.

- In collaboration with the Audit and Finance chair or HR chair, the board chair ensures the board is following appropriate governance practices.

When working with boards, I am more alarmed when there is a noticeable lack of differing opinions or debate, than when there is conflict or arguing "camps". A skillful chair and committee chairs draw upon these situations to strengthen the board engagement, the board contribution, and the benefits to management and the organization.

Helping Define Your Company's Success



Helping boards achieve excellence in critical aspects of governance that most ignore.

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.