

Don't Just Change Your Board— Change Its Behavior

By Howard Guttman

In the new governance world, directors are being asked to play an increasing number of roles, including serving as legal and financial watchdogs and as sounding boards for shareholders. More committees are coming into existence. Management is blitzing directors with facts and figures in an attempt at "transparency." Board members themselves often don't agree on their role.

Here's a test we suggest you give to each of your board members. Ask each outside director to privately answer three questions: "How clear am I about *my* role/accountability on the board?"; "How clear am I about the *other board members'* roles/accountability?"; "How clear am I about the *role of the board vs. that of management?*" Then, ask the CEO and other inside members of the board the same questions.

Next, bring the board together to discuss the responses. Such a session typically provides all parties with a unique opportunity to surface long-standing misapprehensions and to hammer out new agreements for going forward.

Protocols/Rules of Engagement

Clarity of goals and roles will only get you so far. Protocols for resolving conflicts—think of them as ground rules for behavior—both among board members and in their interactions with others, are the third key element in developing a healthy boardroom atmosphere.

At Campbell Soup; Coach; Johnson & Johnson; Masterfoods, U.S.A.; Sara Lee Corporation; and many other companies where senior management teams have aligned to effectively manage conflict, the following protocols

Director Summary: Enhance board effectiveness by using "rules of engagement": don't triangulate; don't recruit supporters to your view; resolve, or let go of issues; don't accuse in absentia; don't personalize issues; and don't rehash old issues.

have proved useful. They can be equally useful for boards.

- **Don't triangulate.** Triangulation entails bringing an issue to a third-party "rescuer" for resolution instead of resolving it head-on between the two people who "own" it. It has no place on your board.
- **Don't recruit supporters to your point of view.** Third-party recruiting is contrary to effective conflict management: It is not conducive to open, candid discussion; it does not result in positive behavior change; it tears apart, rather than unites, the board. Ban it!
- **Resolve it or let it go.** The longer board-level conflict remains unresolved, the greater the chance that it will metastasize, spreading throughout and beyond the board. Some adhere to a 24- or 48-hour deadline for conflict resolution. If at the end of that time the parties with the issue haven't been able to resolve it, they are expected to drop it once and for all and move on.
- **Don't accuse in absentia.** Even an accused felon has a right to hear the charges against him and defend himself in open court. If, during a board meeting, someone brings up an issue that involves a director or an executive who is not in attendance, the discussion should stop right there and not resume until the absent person can be heard from.
- **Don't personalize issues.** Treat every issue as a "business case." While depersonalizing isn't easy, all executives and directors need to be able to accept critique and answer challenging questions without taking umbrage. Of course, it's easier to depersonalize when feedback is given objectively. Make it a rule that, anytime critique is given, directors present the facts without fingerpointing or editorializing.
- **No hands from the grave.** There are some people who just can't take "no" for an answer. When a decision doesn't go their way, they continue to lobby for their pet alternative even after it's been taken out of the running. Don't allow it.



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A final word on protocols: To be useful, they must be embedded into “how business is done around here.” To ensure that the board continues to subscribe to its protocols, make sure they are written down and circulated. Keep them posted in the boardroom. And revisit them from time to time, as a group, to assess whether or not they are being observed and if any additional protocols are needed to support the board in its conflict-management efforts.

Interpersonal Relationships/Mutual Expectations

Candor should be king in the boardroom. When holding one’s tongue becomes the preferred meeting behavior and following the leader—the chairman or CEO—becomes the favorite game, the board of directors risks becoming a rubber-stamp for the will and, possibly, caprice of management.

Independent directors are now addressing sticky issues outside regular board meetings. Nearly 87 percent of North and South American respondents to Korn/Ferry’s 2003 Board of Directors survey said their board now holds meetings without the CEO present. While we agree that such meetings might encourage more open discussion, they are not a solution. All topics, no matter how controversial, need to be addressed openly at regular board meetings, with all members—including the CEO—present. For this to happen, directors need to explore two fundamental areas of interaction: how they communicate and what they expect from one another.

How Do Your Directors Communicate?

Board members, like executives everywhere, come in three different “packages.” The nonassertive director, in effect, says, “I’ve got needs and so do you, but I’m not telling you what mine are. And if you don’t guess them, I’m going to hold it against you.” At the other extreme, the aggressive director proceeds on the basis that, “I’ve got needs and, at best, so do you, but mine count more.” The middle ground belongs to assertive directors, who recognize that both parties in a conflict situation have

needs and who are willing to work toward a negotiated settlement. They are effective conflict managers, and the most successful boards are those whose directors have adopted this communication style.

Can you change “style” and metamorphose toward the golden middle? Sure, but it’s hard work. Consider putting your board through this exercise: Begin by asking each board member to identify his or her communication style—nonassertive, assertive, or aggressive. Then, ask the other board members, one at a time, to explain why they agree or disagree with their colleagues’ self-perception.

It takes a great deal of skill—and courage—to look at ourselves through the eyes of others. It takes even more of both to modify our behavior based on the feedback others give us. But, if directors are serious about ratcheting up performance, it behooves them to eliminate their blind spots, particularly those that relate to how they transmit and receive messages.

What Do Directors Expect from One Another?

Raymond Troubh, a director at nine companies, who tends to criticize his fellow directors when they are unprepared for meetings, told *The Wall Street Journal* that he has received poor marks from other board members for his outspokenness: “I’m trying to modulate my feelings that other directors sometimes aren’t performing.” [Ed. note: Mr. Troubh is NACD’s 2003 Director of the Year.]

Our advice to Raymond: Don’t do it. Don’t stop holding your fellow directors accountable. The notion of “shared accountability” is an important and unique aspect of all high-performance teams, boards included. Sure, it’s tough for peers to hold one another accountable. But it’s not only their right; it’s their duty.

You could argue that, as custodians of the corporation and as the organization’s ultimate role model, directors have an even greater obligation to make sure that everyone is pulling his or her weight.

End Note

In some sense, a board of directors is an unnatural entity. It includes members from diverse organizations, backgrounds, and interests. It meets infrequently and often lacks a common history. For such an unnatural entity to become a high-performance team requires more than legislation; it requires individual, behavioral change. ■

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