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Joining a First, Additional or Different Board: Questions for Directors

An invitation to join a board arrives. It might be a possible first appointment or a potential addition to a portfolio of non-executive directorships. If accepted it could mean a move to a new company, meeting a new group of colleagues and encountering different boardroom practices. Be realistic. If its a non-executive role and you have other commitments will you have the time to make the commitment required for an effective contribution? Might you become overloaded? Whether viewed as an exciting first step and fulfilment of a lifetime dream, or regarded as another meeting to fit into the diary at the expense of a round of golf, what questions should one ask before accepting?



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A good place to begin is with the question of why one has been asked to join a particular board and to understand the appointment process and the expectations of the board's chair and its members. Has one been chosen for one's personal qualities or to fill a particular gap or deficiency in terms of expertise and impact? Is one

expected to challenge and exercise independent judgement or to go with the flow and become a rubber stamp? Has one been selected for one's strengths or weaknesses?

Selection Criteria

Self awareness is important in directors. Is an appointment opportunity being assessed in terms of its impact upon one's own CV, standing and future career, or is one thinking about where and in what ways one could complement existing board members and add value, whether there is a good fit in relation to corporate and individual interests, activities and aspirations, and the potential for making a distinctive contribution and adding value? An appointment might be too soon if one is putting one's own interests before the future prospects of the company concerned.

The process used by the board in selecting you can influence how others may see you and strengthen or weaken your hand. An appointee following an independent search commissioned by a nominations committee might be expected to have more independent views than an imposition by a strong board chair of a relation or friend whom others might be more likely to see as a grateful and subservient poodle. Some appointments are window dressing or a distraction, Others can be simply

to make up the numbers after a retirement or resignation, or for a very serious purpose such as to refresh and strengthen a board to face challenges or ahead of a possible change of direction.

One should exercise independent judgement ahead of an appointment as well as when in post. Friends and family may come up with a range of homilies such as not looking a gift horse in the mouth and beware of Greeks bearing gifts, but due diligence should be undertaken. There are financial statements to examine and a range of sources those in competitive intelligence might use to understand a company's prospects. Are you happy with the board's risk appetite? If its a non-executive role will there be any conflicts of interest? **Association with success can help a director's career, while association with failure can harm it.**

Pre-appointment Preparation

For a first appointment one should also find out about and take steps to understand the distinction between direction and management, the particular duties and responsibilities of a company director, and the potential risks involved in joining a board. The obligations can be onerous and there are potential liabilities and penalties in situations such as insolvency. In many jurisdictions many laws other than Companies Acts impose duties upon directors who can be held responsible for corporate failure in various areas. Any gaps in understanding should be addressed during an induction programme and a director should take steps to remain abreast of changing requirements.

On paper many boards appear to be similar in terms of the number of meetings they have and their structures.

Some boards uncritically adopt a standard governance model and make very little effort to adapt it to the ambitions, situation and context of a particular company. However, each board can be composed of a particular set of people and personalities and the dynamics and pattern of interactions can change as directors come and go. What do you know about the existing members of the board? What is missing in relation to new challenges and opportunities? What can you bring to the table that fills a gap in their awareness, experience or perspective?

It is possible to be effective on one board and contributing to the extent of feeling one is ruling the roost, and then become inconsequential and largely ignored following a move to a different board. Are there questions one should ask and things that one should do on joining a board to increase the chances of compatibility and adding value? There are, but attitude of mind is as important.

Lazy and opinionated directors, however eminent and successful they may have been in the past, who rest upon their laurels and fail to get to grips with a new situation and a new set of people can be dangerous and ride for a fall.

Initial Moves

Arrogant and opinionated directors sometimes jump into a new boardroom with both feet. They create waves and can disturb an existing equilibrium. Existing directors are likely to be judging a new player. Heavy handed early moves can set alarm bells ringing. Those who have already been CEOs or an executive director and are now independent directors, may need to exercise self-restraint to avoid getting involved in operational matters and overly interfering or second guessing as if trying to do their previous jobs. Their focus should be upon understanding, challenging and filling any gap or providing any special contribution that was a reason for their appointment.

Attendance at board meetings is not the only way of getting involved with a new company and making an impact.

One is a director 24/7 for 365 days of the year during the tenure of one's appointment.

For the energetic and committed, there are people to meet, company locations to visit, briefings to attend, conversations to be had and relevant events to attend between board meetings. Word can quickly get around that a new member of the board is making the effort, asking the right questions and, importantly, appears to be genuinely interested in others and the company's future. As one becomes more established there may be invitations from board colleagues and senior executives to participate in the discussion of issues and to test opinions ahead of meetings. Open discussion should be encouraged, but avoid biased cabals and attempts to fix or steamroller business.

Some directors are so focused upon making an impact and upon where and when they should speak and what to say that they forget to listen to the comments of others. To be an effective director one needs to listen to what others are saying and relate their comments and the flow of discussion to the issue at stake and the decision that needs to be taken. **When questioning and challenging one must listen to the answers.** Some directors have a knack of asking inciteful questions and supplementaries that take account of responses and probe further. Effective directors are often naturally curious. They want to find out, to get to the bottom of things and understand root causes. Ask yourself if you are really that interested in what a company whose board you have been invited to join is up to.

Establishing, Trust and Respect

A board is a forum in which trust, respect and reputations can be gained and sustained or lost. It may be some time before people around the boardroom table attach much weight to what one says.

Speaking just to repeat what others have said can take up valuable time. Less is sometimes more when it comes to building authority and respect within a board, for example by only speaking when one is confident, knowledgeable and can make a distinctive contribution upon an important topic. Being prepared and making informed and thoughtful comments focussed on the best interests of a company, and in a way that is not confrontational or ruffles feathers, can influence a discussion.

To be informed one must be prepared. Joining a board means doing one's homework. This can involve reading voluminous board and other papers and taking steps to form a holistic and directorial understanding of corporate aspirations, capabilities, strategies and policies, a company's activities and impact, and external challenges and opportunities in the business, market, economic, social and technological environment. Before joining a board think about whether you will have time to do this. Being a director may sound great, but will you handle what comes with it?

Looking around boardrooms one sometimes sees people opening the

envelopes containing their board papers. Subsequent comments suggest others quickly glance through papers that particularly interest them. In relation to detailed accounts for approval and complex or technical matters one sometimes wonders if anyone has read them prior to important decisions. How would you fare when questioned about a major decision when representing the company at an external meeting?

Courage and Independent Judgement

In some boardrooms one also encounters far too much groupthink as people are focused upon fitting in and seem reluctant to question and challenge. A management career of progression through the ranks of corporate bureaucracy as a result of keeping one's head down, mouthing corporate slogans and agreeing with one's sponsors and supporters in order to appear a team player and safe pair of hands can be a poor preparation for the exercise of independent judgment, provision of challenge and display of courage that effective directorship requires. Sadly some CEOs and board chairs still favour compliant corporate bureaucrats and cronies who are likely to support them over more independent spirits, which is why a functioning nomination committee and an independent search for candidates against objective criteria agreed by the board can be so important.

The courage to question, challenge and probe can be so important when critical issues arise and/or when a director has concerns over the direction of travel or a particular issue, proposal or situation. It cannot be assumed. Seemingly intelligent and otherwise well qualified candidates can lack courage and the ability to effectively question the status-quo, traditional views or an emerging bandwagon without making a situation worse is a quality that many lack. They raise hackles, trigger defensive reactions, cause people to dig in and can make a situation worse.

Do you instinctively avoid confrontation? When you uncover and issue or feel uncomfortable with the direction of a discussion, do you keep quiet or "look the other way"? Candidates for board positions should consider whether they have the interpersonal skills to be persistently diplomatic in putting a case against entrenched opposition in an unfamiliar area in ways that sow seeds of doubt, alert others to perceived risks and implications, secure wider support and cause people to think again or consider other possibilities. For some this is too much hassle. They doubt their own judgements, want a quiet life and/or need their director's remuneration and so run with the crowd.

Integrity, Balance and Focus

Keeping ones feet on the ground, balance and fairness are also important. I have highlighted in a number of books and reports the importance of directors and boards keeping an appropriate and fair balance between the interests of different stakeholders and between action and reaction, activity and reflection, change and continuity, complexity and simplicity, today and tomorrow and between individuals, the organisation and the environment. Thoughtful directors think about the implications of remuneration and other policies. They read the road ahead and know when to slow down, change direction or stop.

Focus upon the company and what is the best thing to do in a particular situation is the hallmark of an effective director. Those who are preoccupied with following others, keeping in with certain important players, judging which way the wind is blowing and speaking at the end of a discussion to be seen to be on the side of the majority, regardless of the merits of the case can be seen by others as opportunists. They may join the "winning" side at the cost of damaging their reputation. People tend to neither like nor respect crawlers, bootlickers and toads even if currently they are supporters.

Many boards and companies, and in some quarters capitalism itself, are distrusted by stakeholders. Their reputations are questioned in an era of e-business, business models and the sharing economy in which trust is especially important. Integrity has emerged as the most important quality in a director in surveys of board chairs that I have undertaken. The support of principle, and an instinct for what is ethically and morally the right

thing to do is invaluable in a difficult situation. Directors and boards can face challenges that test flaws in the human character. Weak personalities succumb to special and self interests, gaming, greed, exaggeration, rationalisation, corruption, favouritism and nepotism. Strong ones preserve both their integrity and, through their conduct and example, corporate reputations. They also take steps to protect other people from themselves.

Remaining Motivated and Current

Do you view a new appointment as an achievement and destination or as an opportunity and the beginning of a new journey? Are you willing to keep on learning as a director? Thought should be given to how one should and could remain up to date, current and motivated following a board appointment? Once the initial enthusiasm has worn off, boredom can set in and even mild annoyance as heavy packs of board papers arrive by post or email or become available on-line. Some people go off the boil and become stale or get lazy, just doing enough to get by. On some boards there are too many passengers. Seek feedback on your performance and

contribution as a director. Participate in annual board reviews. Press for them if they do not occur.

IOD offers a range of development activities for members seeking to remain up-to-date including its various publications and events. Its Masterclasses can be used as a refresh as well as preparation for Certified Corporate Director status. There is also the Organisation of Non Executive Independent Directors (ONEID), an initiative of IOD which maintains a databank of qualified and eligible professionals willing to become independent directors and provides other services including matching them with the requirements of companies and other organisations looking for candidates. IOD and its members can work together and play a vital role in building better boards. ■

***Prof. Colin Coulson-Thomas** holds a portfolio of leadership roles and is IOD India's Director-General, UK and Europe. He has advised directors and boards in over 40 countries.



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