



Strategies for More Effective Communication Between Boards and Chief Executives

In *Good Governance* #28 (“Understanding the Flip-Flop Phenomenon”) we described the tendency for boards to “flip flop” from one extreme position to another in relation to their chief executives. Often this is reflected in the board moving from a very hands-off, apparently passive, relationship with its chief executive (under-control) to another in which it is comparatively assertive and interventionist (over-control).

Why should either of these extremes of interaction arise? One reason might be that the values that often govern the relationship between the board and the chief executive progressively get in the way of effective communication between the two. These values have been described by organisational psychologist Chris Argyris, as:

- in any interaction **win**, and do not lose
- always **maintain control** of the situation
- **avoid embarrassment** of any kind.

A board and chief executive’s respective thinking can be coloured so much by these values that important conversations about sharing responsibilities for decisions are influenced by the assumption that these conversations will be difficult, uncomfortable and potentially embarrassing. When this occurs, instead of seeking explicit agreement about which of the two has the primary responsibility for different types of decision, boards and chief executives have a tendency to avoid or fudge the discussions they should have. This can easily result in the parties defaulting to a simplistic but unspoken dichotomy: either ‘*you’re in charge*’ or ‘*I’m in charge*’. One consequence of this is that one party typically assumes total responsibility while the other shies away from any responsibility at all. When this happens it is likely that whichever takes the lead (whether board or chief executive) will end up carrying a level of responsibility that is either inappropriate to their position or beyond their ability to discharge.

It will be difficult, if not impossible, for a successful partnership to be formed between board and chief executive when the relationship tends to ‘default’ to such exclusionary behaviours. Boards and chief executives that recognise themselves in this description might find comfort in the knowledge that such behaviours can be avoided or circumvented. There are other ways of interacting that have the potential to create less stressful and more productive outcomes. In this article we explore two useful options:

1. Changing the prevailing governing values
2. Using a wider range of options for engagement.

Change the governing values

This strategy requires that boards and chief executives be capable of deliberately identifying and reflecting on the values that govern their behaviour. If they can reach a shared awareness and understanding of the values and consequent behaviours that already influence their relationship and, given a willingness to seek change, a further step may be possible. This entails a deliberate attempt by both parties to adopt governing values that will support more effective communication and will therefore support a more productive and effective board/chief executive partnership.

Although finding, adopting and applying more productive governing values may not be easy to achieve it is likely to yield significant dividends. Alternatives to each of the three dysfunctional values are available.¹ For example, '*win don't lose*' could be replaced by the value of '*informed choice*'. The adoption of this value would encourage the use of processes aimed at making the best, most well informed choice possible, without regard to individual positions or points of view. Unilateral decision making may produce 'wins' (in the short-term at least) but, because it fails to gain access to, and take into account, the information, insights, and experience of others, its quality is often poor. The process of 'dialogue', in which there is a shared search for meaning and understanding, is likely to produce a more robust and informed decision. With an 'informed choice' value in place a board and its chief executive might, for example, be far more deliberate and open in the dialogue about what is the optimal division of responsibilities between the two in relation to different matters.

An alternative to the value '*maintain control*' might be to '*generate internal commitment*'. The desire to be in control cannot be satisfied by both the board and chief executive at the same time. The party in control has less incentive to consult or take others into their confidence. They are inclined to make choices on their own without seeking input with those who may be able to add valuable perspectives and insights. For the 'subservient' party it may seem safer to take on no responsibility at all so as to avoid blame if anything goes wrong. As a consequence, however, the subservient party is likely to have only a weak commitment, at best, to the choices the other has made.

It is far better, if the desire to maintain control can be suppressed, to value instead the generation of internal commitment. Then both parties can engage with their colleagues in a real dialogue and exchange of ideas designed to result in board and chief executive being jointly and genuinely committed to choices they have made together.

The third governing value (*avoid embarrassment*) can also be replaced by a more productive value such as *open testing* (and subsequent evaluation) of our perceptions, choices and performance. As described in our previous article, boards and chief executives are inclined to avoid any conversation or discussion that – through exposing their reasoning to the scrutiny and testing of others - might generate such embarrassment. For a chief executive this is often the consequence of a reluctance to admit to anyone (not least their board) that they do not have all the answers. As a result it is common that options are not explored and advice from the board is not sought when it should be. We have seen boards act in the same manner. When it suspects that a course of action its desires to take (e.g. for

'political' reasons) may not stand up to close scrutiny it will attempt to push a decision through without discourse.

When these forces or fears are in play the result is often poor choices or decisions that turn out to be wrong. An associated reluctance to admit the mistake then compounds the error. The fear of further embarrassment is likely to mean that the opportunity to evaluate what went wrong and learn from the mistake is not taken up. If we were to value more open testing we would be more open to exposing our thinking to others before we made *our* choices. It is also more likely that we would be willing to share the decision with others in the first place.

Valuing open testing, therefore, is likely to help boards and their chief executives make better choices *together* and, if these later turn out wrongly, help them jointly to acknowledge and learn from the mistake. Their future decisions are likely to be better ones and they are less likely to repeat the same mistake.

More embarrassment (possibly) but better choices (almost certainly)!

Use a wider range of options for engagement

The second strategy supports and to a degree depends on the implementation of the first. It relates to the need for the board and chief executive to seek and acknowledge a wider range of engagement options than the simplistic and mutually exclusive "I am in control/you are in control" options. This requires more open and explicit conversations about the range of options available and about appropriate levels of responsibility each should take for different matters. A range of possible alternatives have been articulated by Roger Martin (2000) in the form of a "responsibility ladder" which is depicted diagrammatically to the right.

Explicit use of a tool like this can be helpful in a number of ways. For example, it can be used deliberately for reference in particular cases. The question can be asked: "in relation to this matter where are we (and where do we want to be) on the ladder?" Alternatively, it may be used proactively in a board performance development context, to support a dialogue between board and chief executive about how they can progressively improve their communication and partnership. It may also be used, retrospectively, to try and understand, and learn from, a particular experience where the communication between board and chief executive may have broken down.

The most important aspect of the analysis in this and our previous article is to recognise that there is a range of unspoken or hidden forces that get in the way of effective communication between boards and their chief executives. The first step is to develop a collective awareness of how, potentially, these forces can be disruptive of the relationship. The next step is to proactively develop and adopt strategies that prevent these from becoming a problem.

1 As suggested by Roger Martin (2000) *Board Governance and the Responsibility Virus*. A report prepared for the Canadian Joint Committee on Corporate Governance). University of Toronto, Rotman School of Management.