



Elephants: get out of the boardroom

You take up too much space

They're big, grey and crinkly, and not as wise as you think. It's time to kick elephants out of the boardroom. Sorry, old friends.

There's good reason elephants are slow. The energy and time required to accelerate keeps them from ever managing to run fast. By some scientists' calculations, if size and speed were linear, elephants would race at a top speed of 600 km/h – six times the pace of the fastest cheetah. Instead, they lumber on.

Of course, we're not really talking about large mammals at all. The elephants discussed at a 2018 Next Generation NED Network event hosted by London Business School's (LBS) Leadership Institute are symbolic of key issues holding boards back.

"Ineffective boards have always had elephants in the room," says Charles Mayo, Chairman of the NED Network, which brings together senior executives who are on the cusp of becoming non-executive directors (NEDs) as well as existing NEDs to discuss the latest issues affecting boardrooms today. "I don't mean old, grey-suited people, I mean the challenges we don't address."

Here are four elephants that, according to the experts, really have to go.

The same old elephants

Pre-existing networks are all too pervasive on boards. The problem, according to Randall S Peterson, Professor of Organisational Behaviour and Academic Director of the LI at LBS, is that they have an unfair informational advantage. "Boards only come together a handful of times a year, but, often, they comprise two or three people who have a long history."

Professor Peterson, who has observed the behaviour of boards by conducting in-depth qualitative and survey research over the years, finds that sub-tribes can stem the flow of information. Worse, people from known networks

can shut the door on objectivity when, by way of habit, they align with each other on issues. Other members can feel excluded and stop sharing their best ideas. "Being outside the inner circle is an uncomfortable place to be."

The trick?

Relationships with people who are dissimilar to us provide access to new information and different perspectives. So the big challenge is hiring people with diversity of thought. Clare Chalmers, COO of IDDAS, which specialises in helping boards and top teams improve their performance, claims, "It's about thinking wider than who's already in the room. Cognitive diversity is the opposite of like-mindedness. You need more than demographic differences such as gender and race, you need people from diverse backgrounds, with different skills, experience and world views." Psychometric profiling, she says, is good practice when boards are hiring. Problem is, few today use such matrices.

The distracted elephant

Scrolling, pinging, flashing – digital gadgets sneak into meeting rooms around the world and absorb the board's scarcest resource: their attention. "It's not just that texting in a meeting or fiddling with a phone as someone presents is distracting," says Charlotte Valeur, the co-founder of GGGovernance, an online corporate governance best-practice training platform and an experienced NED. "It's that no-one seems to address it. Bad behaviour is a cultural thing: it needs to be defined."

The trick?

Don't be afraid to tell it like it is. "You have to agree on your modus operandi inside the boardroom." Chairs, for example, can create simple rules that capture the essence of, rather than codify, the board's values. Valeur prefers the catch-all "bad behaviour is bad behaviour", but other chairs have been more prescriptive, asking for "no mobiles until the board meeting breaks".

The observations of external evaluators, notes Valeur, can also help. Yet we know from a report by Harvey Nash in collaboration with the LI, *Old Game, New Rules*, that a whopping 41% of respondents based in the Asia-Pacific region have never experienced a board evaluation.

The hard-of-hearing elephant

The African elephant has the largest ears of any animal on the planet. While elephants find their ears useful for beating the heat, humans use their ears mostly for listening. However, some NEDs don't hear anything at all.

"Diversity without inclusion is just an illusion," says Valeur. Having different perspectives in the room won't change the boardroom dynamic. Not without inviting people to make a contribution and actively listening to what they have to say.

NEDs must also take a learning-oriented approach. Boards that hire, say, a digital expert won't immediately see a boost in performance, notes Professor Peterson. "The more complex the business environment, the more complex the board environment, and the more likely boards are to appoint specialists. It's easy to absolve yourself of responsibility with an expert in the room."

Specialists are teachers (and learners), not white knights. "Technical specialists must make an effort to understand generalist topics, and generalists need to learn more from the specialists." Both require listening skills.

The trick?

Comprehensive 360-degree assessments, which amass self-ratings and the views of others who know you well, can help increase your self-awareness. From there, you can gain a holistic view of your emotional intelligence – including whether or not you spend enough time listening and learning. The more people you ask, the better the picture you paint. Once you understand your strengths and weaknesses, Professor Peterson advises that chairs help build bespoke learning plans for board members.

The elephant at the head of the table

In every boardroom, there's an unmissable elephant footprint: the chair. Boards skirt around three main issues. First, when will the chair leave? "Talking about succession planning is a difficult conversation to have," says Mayo. "Some chairs love the business so much they don't want to move on." One NED shared an extreme tale of an 85-year-old chairman who finds it difficult to attend every meeting. He posts board members letters instructing them on what he'd like done.

Two, the chair who confuses fact with opinion. According to Debbie Hewitt, Non-Executive Chair of Moss Bros Group, "Chairs often swing the vote. They can speak with such authority that their opinion becomes fact. The most effective boards regularly test the assumptions that drive

the competitive positioning of the business. There is mutual respect, too. They handle conflict well, embracing disagreement and debate rather than shutting it down."

Third, what business are you in? While it's the responsibility of every board member to spend their time thinking about the interests of the firm's stakeholders, it's the chair that sets the navel-gazing direction. Mayo says: "Directors' duties under the Companies Act have reinforced the importance of this issue. The English company law's traditional position has changed from a company run for its shareholders to one that takes into account its stakeholders – from employees to supply-chain partners – in order to succeed on a long-term basis."

The trick?

Hewitt, who is also Non-Executive Chair of The Restaurant Group and fashion retailer White Stuff, says: "The best person to expose a chair is the newest director – whether it's exec or non-exec. If you're going to be a new NED you have that deal with your chair. You're so powerful as a new pair of eyes."

Let's not forget psychological safety, says Professor Peterson. It means how comfortable people are speaking their minds or being themselves without fear. He takes diversity as a case in point. "Despite what we all think, the research shows that there is no correlation between diversity itself and performance. The best teams are highly diverse and well managed. The worst are highly diverse and poorly managed." So chairs need to build inclusive behaviours into the boardroom.

One way is for a chair to ask "silly questions", or profess to not understanding an issue so that other board members feel comfortable doing the same. The idea being that, like a herd of elephants, where the leader goes, the rest will follow.



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