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Healthy Tension is an Essential Part of an Effective Board



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FULL BIO ✓

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Gandhi once said that, "Honest disagreement is a good sign of progress" and Nelson Mandela remarked that "A good leader can engage a debate frankly and thoroughly, knowing that he and the other side must be closer, and thus emerge stronger." In the world of business, Lord Paul Myners, who has been on 12 FTSE 100 Boards, successfully leading many of them, was quoted at a recent London Business School

event saying, “The board should question intelligently, debate constructively, challenge rigorously and decide dispassionately. The board should listen sensitively to the views of others inside and outside the board.” In this age of heightened risk, the need for a dynamic mix of talents, backgrounds and skills represented on company boards is paramount.

Achieving a bigger, richer mix of skills and experience is highly likely to lead to more disagreements and arguments within the board environment. Indeed, in order to achieve a high-performing company board, made up of a mix of talents, skills and backgrounds which produce improved results and better risk management, the inevitable side effect is likely to be a steady rumble of tension, with disagreements erupting more frequently between management and directors, as well as around the boardroom table.

But how rich is the debate in the boardroom these days? With companies like BP, RBS, Co-op, Rio Tinto and M&S, to name but four, all relatively recent examples of spectacular failures in corporate governance and business failure, driven in part by an inability to understand how outsiders would respond to board and company actions, it is clear that we cannot carry on in the way that we are. In fact, each of these cases of failure in the boardroom has produced - right up to the moment of crisis, if one considers BP and Deepwater Horizon in particular - grievous lapses in communication, decision-making and business judgement.

It is clear that we need to enrich and grow the depth and mix of talent in the composition of modern boards. For example, recent research I have done with my colleague Dr. Elisabeth Marx shows that FTSE 100 boards in the UK remain overwhelmingly male (74%) and strongly representative of a handful of elite schools (43%). This is particularly well recognised in Nordic countries where this year’s Harvey Nash Board Research for 2017/18, *Old Game, New Rules How boards of today are preparing for tomorrow*, which has been prepared in partnership with London Business School’s Leadership Institute, reveals that respondents in that region would like to see more functional and international experience (72% and 64% respectively) and cultural diversity (31%). In the UK, the response was not significantly different in this respect, with functional expertise (68%) scoring more highly than ethnicity (59%) and cultural diversity (57%).

Of course it must be accepted that by pursuing richer diversity, conflict in the boardroom will sometimes be unavoidable. And by adding a variety of different perspectives to the mix - from the loudly expressed to the more modestly intoned – it is inevitable that discussions can sometimes become heated. But this is not all bad – in 25 + years of studying conflict I have found that conflict effectively managed is the basis of trust and effective decision making. Managing these potentially confrontational situations is where an effective chair comes into play. Great chairs consciously use language which is supportive and non-threatening, -- such as beginning a sentence with ‘yes, and’ as opposed to ‘no, but’ is one subtle but powerful way to manage the positive flow of debate. By adopting positive, growth-

oriented behaviours and language, this helps boards to cohere, while continuing to accept and promote new, challenging ideas and opinions.

Our report, reveals that it is no longer enough to hire people of different nationalities, genders and sexual orientations – everyone needs to feel like they belong, are encouraged to express themselves and able to see how their efforts contribute to overall performance. For example, diversity of sexuality is certainly more high profile now than ever, but our respondents remain uncertain about how to address it as a topic. Few respondents to our survey consider LGBT diversity a boardroom issue (12%), but this is up significantly compared with 2016 where only 5% were discussing it more in the boardroom.

What is certain is that no matter what positive behaviours are deployed in the boardroom, however inclusive they may become in terms of their composition and voice, we can also readily see the challenges arising from the numerous problems facing companies today, from digital transformation to cyber security and a progressive slide in ethical standards. These challenges inevitably require a diverse set of perspectives with people who are tougher, more challenging and imaginative to tackle these larger, more transformative issues.