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# The 3 Es of Effective Board Leadership



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## **A study of successful board chairs across countries shows how they engage, enable and encourage boards.**

Boards of directors often get media attention when something goes wrong. The board of VW, for instance, was recently in the news after it received a terrible corporate governance rating based on the 2015 emissions scandal and its fallout. Examples of how not to behave as a board are easy to come by.

Yet most boards are not like VW's because they use good governance to work well. To find out what makes a board chair successful, the INSEAD Corporate Governance Initiative conducted 74 face-to-face interviews with experienced board chairs to produce a research project spanning nine countries – Belgium, Denmark, Italy, the Netherlands, Russia, Singapore, Switzerland, Turkey and the United Kingdom.

Since boards of directors are not always transparent, and the role of their chairs doesn't come with a handbook, we hope this report will shed light on the workings of board chairs. Board chairs share various issues internationally, but how they lead their boards effectively was of particular interest in the study.

All board chairs surveyed considered that their main task is to provide effective board leadership. We found strong similarities in the way chairs from various countries define the job itself and the way they go about it. Chairs play three specific roles: engaging, enabling and encouraging, what we call **3Es leadership**.

While the roles of engaging, enabling and encouraging intertwine and reinforce each other, our research uncovered specific practices that board chairs use to perform them individually.

## **Engage**

"You need to make sure they are physically there, they are emotionally engaged, they know what we are talking about, and they put their brains to collective work," said one chair.

Engaging board members to use their talents in the service of the board is a challenge for the chair. It is no simple task, particularly as most boards meet only a few times a year. Often directors are based in different locations and have multiple affiliations and limited availability.

Two practices to deal with this challenge described by the respondents were setting expectations up front and maintaining communication between board sessions.

One Swiss chair shared his approach: "I tell every candidate up front – if you are not ready to commit 40 days of your time to this board, let's stop here."

Phone calls, dinners, attention to the board members' travel help to keep them engaged.

"Dinner with non-executive directors is a good way to re-engage them on the eve of a board meeting," remarked a chair from the U.K.

"I ring every director and ask if they are happy with the next meeting's agenda or would like to change something," said a Denmark-based chair.

## **Enable**

“By determining the agenda, how the discussion question is framed, who gets to speak first, I can make a huge





## Personality traits for an effective chair

Effective chairs recognise their main task is to provide constructive board leadership. In addition to specific practices, our report also showed that there are some personal characteristics which make some board leaders more effective than others

***Humility and ego management*** "If you intend to use your chair position as a platform for self-aggrandisement," one of the most experienced chairs remarked, "you are in for trouble." The terms "restrain", "non-domineering" and "leaving room for others" were cited when referring to productive board discussions which lead to effective decisions.

***Availability and presence*** A chair's presence should be felt as little or as much as necessary. They should give others room to speak and yet direct the conversation. In the words of one respondent: "It may be called a non-executive and part-time job, but I have no illusions: I have to be ready to mobilise and commit all my time to this board if the need arises. And I stay in permanent contact with the company to make sure I don't miss this need."

***Passion*** A good chair not only does the job professionally, but also cares about the company, the board and the staff. In the words of one respondent: "It's like any other profession – you can only reach the top when you are passionate about what you do. In this case it's the board and the company it

difference to the outcome. I have to use this power wisely for the benefit of the board,” a chair said to explain how he sees his role with regards to the board.

Enabling board members to work effectively as a group is the second function of the chair. To properly facilitate discussions at the board meetings, the chair must plan and prepare pre-meeting, in-meeting and post-meeting work.

Effective chairs make sure the board’s agenda contains strategic, ripe-for-discussion items no other body in the company can handle. They set format for board materials, ensure their timely delivery to directors and make sure every board member comes prepared.

In the board room, effective chairs facilitate productive discussions by creating a safe atmosphere, framing and reframing discussion questions, allocating significant time for directors’ exchanges and decision making. In Belgium, a chair explained, “I start with an informal in-camera session. I want to know what goes on in their minds and what their current concerns are. It is a way for all of us to clear our hearts and minds before the official meeting starts.” Good chairs limit management presentations, maximising time for meaningful conversations among board members.

Effective chairs concentrate on enabling the board as a whole to make decisions rather than dominating the group process. Self-restraint is a common practice. “I try to take as little room as possible. My task is to help others to speak their minds,” noted a U.K.-based chair.

“I rarely express my position. If I do it, I speak last,” said a Russian chair.

Managing ‘difficult’ board members is another challenge for board leaders. Interestingly, our respondents believe that it is more taxing yet more important to handle silent rather than talkative directors. A number of steps were described as useful to contain vocal board members: having a private word in their ear, offering to help (sometimes calling it “coaching”), confronting them directly in the board room (“I will have to ask you to stay quiet for the next quarter of an hour”) or making a formal performance evaluation. If nothing works, they resort to recommending that the individual not stand for re-election. One U.K. chair commented: “My major task – to make silent directors speak. They are my major underutilised asset.” Rather than calling on them in the board room, he solicits their opinions before the

meeting and then presents their views to the board, acknowledging the source. Others ask every director to state his or her opinion as a way to engage otherwise silent members.

Discussions are approached differently depending on the cultural context. In Denmark, one chair said, “Asking questions in a Socratic way, even if you know the answer, is a good way to get other points of view to come alive.” In Russia, board chairs do not mind voting while in the U.K., it is considered a sign of an ineffective board.

Making things easy for directors from outside the country is a method of engagement: “I make sure it’s attractive for board members to come to the Netherlands, taking care of all arrangements during their stay.”

## **Encourage**

“These people (directors) rarely get feedback – they are successful high-power individuals, but it does not mean they don’t need a pat on the back or a word of encouragement. I regularly let them know how I value their contribution and how they could make it even more valuable,” explained one respondent.

Encouraging board members is important to the chair in order to keep the board motivated, engaged and productive.

In practice, chairs provide feedback, create an opportunity for reflection and learning, and interconnect the board and the company.

One Russian chair described his way of conducting mini-reflection sessions: “We close every board meeting with a short reflection session. I ask each director three questions: ‘What went well? What did not go so well? What could we have done differently?’”

Off-site reflection is also important. A chair in the U.K. said, “Once every year, we go to an off-site dedicated to improving board dynamics. With the help of a facilitator, we brainstorm how to improve and try out new approaches.”

Personal feedback is a priority for chairs. “I invite every board member to my home for a meal and we talk about their performance and how I could be more helpful,” said one chair in Singapore.



In a forthcoming article, we will explore other aspects of our report, *Board Chairs' Practices across Countries: Commonalities, Differences and Future Trends*, including the similarities and differences of chairs in the countries surveyed.

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