

When is a chair like a saint?

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By STAN SEWITCH

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Sounds like an elementary school yard riddle, doesn't it? If you're a board member, you'll immediately know the answer. Being the board chair is, like Caesar would put it, being first among equals.

The board Chair has the challenging task of guiding the directors of an organization toward cohesive fulfillment of fiduciary responsibilities, with no authority or weighted influence on the votes other than that which the Chair can elicit voluntarily from the other directors. Even including unethical or illegal behavior on the part of another director, the Chair cannot individually act to affect the status of any other director. All actions of the board are collective, based upon the will of a majority of directors according to our established system of business democracy. So without differential authority, is the role of the Chair really one of material impact on an organization?

I recently had a discussion with an experienced CEO, who has worked with more than 50 board Chairs over the course of his career, and has served as a Chair himself on a number of boards. We were exploring this question of the contribution or impact that a Chair might have, given that the role is bereft of official clout. Frank's opinion was that an effective Chair can powerfully and positively affect an organization. And a poor one can cause a lot of damage.

"Stan, I had a Chair in one organization that had absolutely no idea of how to run a meeting comprised of accomplished, ambitious, opinionated directors. Every board session degraded into debates with no end in sight. We spent hours and hours wrangling over philosophical questions, absent any but anecdotal evidence, without productive action resulting," Frank explained. "That Chair felt that spirited dialogue was the expected contribution of the board. He didn't have a bias toward decisions or results."

I pondered this a moment. I asked, "Well, what have you concluded about the true role of the Chair, since you have had a significant sample size of experiences to draw from?"

Frank gathered his thoughts. "Well, it's not about authority, of course. I think the role is catalytic, in that performing it well results in the organization's ingredients melding together in a constructive fashion, with improved performance toward shared objectives as the outcome. The Chair must be the procedural compass of the governing body, the board."

"Is that all a Chair does?" I asked. "Is the role essentially that of a facilitator of others?"

"No, there's more," Frank continued. "The Chair is the 'keeper of the flame,' the person who ensures that the overarching objectives of the organization's owners are continually and effectively made a focus of effort. The Chair is the yardstick of measuring ethical behavior and fiduciary competence. The Chair is the voice of integrity in the board room, especially when conflicts of interests arise. The Chair is the representative spokesperson for the board's collective positions and decisions. The Chair is the one who ensures that the board meetings are well-prepared, conducted efficiently and productively, that all directors contribute as required and appropriate, and that sound governance practices are followed according to statute, regulation and good sense.

"The Chair is the person who ensures that interpersonal and professional conflicts among directors, or between the board and management, are resolved quickly and constructively. The Chair is also the person who ensures that shareholders' issues which are proper for the board to address are handled expeditiously. The Chair is the primary liaison between the CEO and the board."

Frank stopped to take a breath.

"You have quite a list", I observed. "Is this a commonly accepted definition in your experience?"

"No," Frank replied. "You'll find varying opinions on this. Some people don't think that the Chair is as important a position on the board as the independent lead director, or even the audit committee chair. Others don't think that any director should be expected to display the many required skills to perform well in the role as I've described. But I'm not done listing the role elements of a Chair, so I'm on the far end of the spectrum, in terms of what I think a Chair is supposed to be and do."

"How often have you encountered Chairs who would satisfy your criteria," I asked.

"Three out of fifty", Frank replied.

"Well if the frequency rate of competency is as low as that in the general population of Chairs, perhaps the expectations are unrealistic," I offered.

"Unrealistic or not, I think organizations should still expect the Chair to play the role I'm suggesting, and to achieve proficiency in the diplomatic, communication, strategic, emotional, intellectual and character attributes that would allow him or her to perform the Chair's duties at a high level," Frank stated flatly. "Because the positive impact on the organization is a huge return on the investment in realizing those qualities."

Frank invited me to imagine.

"I have seen the difference between great Chairs, average Chairs and poor ones. The great Chairs can transform an organization by the power of their influence, earned through personal demonstration and leadership by example, applied infrequently but powerfully during the course of the board's episodic work."

Frank concluded, "A great Chair can ensure that the entire organization never experiences the hot seat."

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