

EIGHT COMMON WAYS BOARD CHAIRS CAN PROVE INEFFECTIVE - AND WHY IT MATTERS



Kieran Moynihan, managing partner of Board Excellence, draws on his substantial experience of improving board effectiveness to reflect on the role of the Board Chair.

When I or any of my team, and I'm sure any board practice around the world, get asked "What is the single most important factor when it comes to a board's effectiveness and performance?", we would respond in a heartbeat "the quality and leadership of the Board Chair".

The quality of the Board Chair matters as his or her calibre, performance, leadership, stewardship and behaviours have a dis-proportionate impact on a board's effectiveness and performance. An outstanding Board Chair "raises all boats" to enable individual board members to contribute effectively and also galvanises the board to be outstanding as a whole.

The opposite is also unfortunately true, where you have a poor calibre or under-performing Board Chair in place, it can often drag the board down despite the individual calibre of board members being in many cases quite high.

In evaluating and supporting boards week to week, I see common types of problematic and under-performing Board Chairs. In some cases, I have seen Board Chairs illustrate a number of these characteristics simultaneously!

1. Overly-dominant Board Chair

This is perhaps one of the most common types where you have a very strong-willed Board Chair who over-contributes in terms of their own viewpoint and does not listen effectively to, encourage and enable an optimum contribution from other board members. This can be problematic even, or especially, in cases where the Board Chair is genuinely very strong in terms of calibre, judgement and expertise.

2. Board Chair too close to the CEO and/or creates a mini-board effect

These Board Chairs discourage the type of high-quality robust challenge and debate that should be taking place and often ends up "managing the board". It might appear on the surface that there is a functioning board in place, but the de-facto decision-making and power rests with the Board Chair, the CEO and/or a small sub-set of "trusted" board members. When I hear of an outstanding non-executive board member leave a board prematurely, this is often the reason.

3. Preservationist Board Chair

This is still quite a common occurrence where you have a Board Chair who is stuck in a type of time-warp of how boards used to function 20 years ago and is stubbornly refusing to oversee the board evolving to be a modern progressive board. I passionately believe this type of problematic Board Chair is one of the major root causes of why going into 2021 we still have such a challenging problem in terms of board diversity- particularly in gender, age and ethnic background. I often find a preservationist Board Chair is the blocker in boards which are genuinely slow to embrace Environment, Social and Governance (ESG) and employee engagement.

4. “Politician” Board Chair

By its very nature, the role of Board Chair role requires a significant level of engagement with all shareholders and stakeholders. However, the ‘politician’ Board Chair takes this to a different level where, instead of focusing on outstanding leadership and enabling a great board team, their focus is on “preserving their position” by engaging heavily with major shareholders/ stakeholders and doing just enough for the board to not have their performance questioned.

5. In-experienced/out-of-their depth Board Chair

A boardroom can be a very intimidating place and, in many cases, an inexperienced Board Chair needs to learn very fast to adapt and gain the respect of the board and executive team. Even those with the right calibre and qualities for the Chair role may simply lack the experience to be able to genuinely lead the board.

6. Board Chair who does not have the attributes and skill-set for the role

There is often an assumption that it is a very natural transition for an experienced non-executive director to become a Board Chair. Nothing could be further from the truth. I have seen many cases over the years of Board Chairs who, despite all their years’ experience serving on boards and in the executive ranks, simply do not have the skillsets, judgement, emotional intelligence and overall board leadership skills required of a Board Chair.

7. Board Chair who does not gel with the board and CEO/Executive team

I have seen cases over the years where a genuinely capable experienced Board Chair gets appointed to a board and, for whatever reasons, simply does not gel with the Board team and/or CEO/Executive team. This is no fault of anyone’s but the reality is the “trust equation of the board” does not develop and the Board Chair, despite their best efforts, is not capable of getting the best out of the board team.

8. Under-performing Board Chair

This is a general catch-all for cases of a Board Chair, with the right skills and attributes, who has lost their way. This can be for a wide variety of reasons possibly related to personal issues, health, stress etc. The Board Chair can be a

very lonely role and many Board Chairs have shared with me how difficult they found it to admit that they are struggling. As a Board Chair myself, I can testify first-hand as to the stresses and challenges of the role, particularly in a larger organisation that is in the public eye.

Over the years, I have studied literally hundreds of accounts of board scandals, corporate collapses and major crises internationally and across every sector. In quite a significant majority of these, I believe poor leadership and the concrete actions or in-action by the Board Chair were a very significant contributor to the eventual collapse or scandal.

In many of these cases, this was far from being an overnight crisis and you can identify patterns of serious poor leadership and bad judgement by the Board Chair. Yet, in the associated media coverage, it is very common for shareholders, institutional investors and stakeholders to be quoted along the lines of “With such an experienced high-profile Board Chair in place, we can’t fathom how this scandal has happened”.

Therein lies a very important truth - in the vast majority of cases, shareholders and stakeholders can often have very little insights into the “board black box” and how the Board Chair is actually performing and behaving. This is why I always strongly recommend a comprehensive annual board member and Chair evaluation process is in place for boards of all types.

Another mechanism that can help address these issues is an external board evaluation. I have rarely seen internal board evaluations work effectively in dealing with serious Board Chair under-performance issues. Any serious external board evaluation process will include a specific evaluation of the Board Chair’s effectiveness and performance. As an external board evaluator, I do not hesitate to face up to the “elephants in the room” and have had very delicate and forthright discussions with Board Chairs. In 90% of cases, I have found Board Chairs to be very open to this. Although they are often initially surprised by the challenging feedback from their board colleagues, they ultimately realise they have a critical responsibility to be at their very best. They then go on to address the key areas of feedback and demonstrate genuine change in the quality of their leadership and behaviours.

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