How to Improve Board Teams

Dr. iur. HSG, Thomas Sieber, EMC INSEAD

Dr. Thomas Sieber founded SieberBoardCoach Ltd last year (www.sieberbaordcoach.com). He is certified as ACC (ICF) and CPC (IPEC) coach and commercial mediator after working for over 10 years in the executive board of Baloise-Holding. The author had planned to spend a year at Harvard Business School with Prof. Amy Edmondson as the academic sponsor. Due to travel restrictions related to Covid-19, he wrote «Navigating the Human Side of Boardroom Interactions» at home. The book is currently in preparation for publication by Business Expert Press, New York.

1. Good Corporate Governance includes Board Dynamics

Quite often, corporate governance regulation and «soft» law have brought good initiatives to today's business world. However, they have also led to a tick-box mentality with a focus on legal and structural issues. Despite all the improvements and efforts, new scandals continue to plague the corporate world.

It seems obvious that complying with the governance requirements advocated by governing bodies, proxy advisors, and certain shareholder groups is not enough. Scholars[1] demanded long ago that more attention be paid to boards' actual behavior and the decision-making processes instead of aspects of formal corporate governance.

In my opinion, we are well-advised to integrate the topic of the «board dynamics» into a broader understanding of good corporate governance. How is the board functioning? What is the inner dynamic of the board? What are the unspoken rules? Those issues are less accessible and controllable, but they provide the greatest learning opportunity for boards.[2] Most importantly, each board can decide on its own which issues to address: they are in control, they have access, they are responsible and they can demonstrate that they are willing and able to tackle those issues without compulsory requirements.

2. The Board of Directors as a Special Team

Discussion of behavioral issues in business is becoming more common, even within boards. The focus, however, is on the individual, not the board as a team.[3] Western culture concentrates on individualism and competition, which «leads to a relative devaluing of relationship building, teamwork, and collaboration.»[4]

1   E.g., Pettigrew. (1992). On studying managerial elites. Strategic Management Journal, 13, (163–182); Finkelstein and Hambrick. (1996). Strategic Leadership. St. Paul, MN: West Educational Publishing.

2   Griffin et al. (2017). Board Evaluations and Boardroom Dynamics. Stanford University Graduate School of Business Research Paper (17–22).

3   Charas (2015). Improving corporate performance by enhancing team dynamics at the board level. International Journal of Disclosure and Governance, 12(2), 107–131.

4   Schein and Schein (2021). Humble Inquiry: The Gentle Art of Asking Instead of Telling. Berrett-Koehler Publishers.

As William Donaldson[5] says: «The most important part is the least examined: the board is a social entity. And the human beings on it – they act like human beings do in groups.»

Considering the board of directors as a team is not controversial, as long as we remember fundamental differences between a board team and a top management team.

- Members spend little time together.

- Boards control management, monitor and influence strategy but do not generally implement decisions,[6] meaning that a board decision does not affect the daily life of a board member.

- As a part-time job, board members may be less engaged emotionally, seeking less exposure and accepting decisions without challenging them.[7]

- Board meetings are formal, with many participants, at lengthy intervals.

- By taking risks and speaking up, an employee can either lose or win respect and attention from his superiors.[8] A board member, however, has less to gain, at least in the short term, except strengthening his / her self-esteem.

- If a board's selection process still involves «handpicking» driven by the Chair, board members are likely to be reluctant to speak up because they will feel the urge to be loyal to the Chair, who may have brought them onto the board.[9]

- The organization's status and impact on a board member's reputation may be enough, so there is no need to take risks.[10]

5   Sonnenfeld et al. (2013). What CEOs really think of their boards. Harvard Business Review, 91(4), 98–106.
6   Fama and Jensen (1983). Separation of ownership and control. The Journal of Law and Economics, 26(2), 301–325.
7   Forbes and Milliken (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. Academy of Management Review, 24(3), 489–505.
8   Burris (2012). The risks and rewards of speaking up: Managerial responses to employee voice. Academy of Management Journal, 55(4), 851–875.
9   Sieber (2019). Improving board dynamics and open dialogue: How speaking up could transform corporate boards. INSEAD EMCCC thesis.
10   Lencioni (2002). The Five Dysfunctions of a Team. John Wiley & Sons.

These few points show that board teams are different from top management teams. It could explain why board members, who have often had a successful career and enough self-confidence to act courageously, counterintuitively choose not to take risks, remaining relatively passive.

3.   Boards Have to Learn to Talk About Roles, Concerns, and Fears

What makes things worse for boards is that they have little actual room to maneuver and are confronted with high, sometimes conflicting, expectations. Investors expect an above-average return; the public and the media expect a sustainable, successful business model, good corporate citizenship, no mistakes, and, in particular, greedy managers tamed. The public and employees tend to overestimate the board's direct influence. Boards are typically caught between two strong forces: the Chair and the executive board. The question then arises: What can a board contribute? I quote one of the many board members I interviewed for my book:

I am a proud board member and proud to belong to this group. Please believe me if I tell you that everyone, especially those with operational experience, asks themselves critically in such a body: What is our contribution? The added value in management is much higher than on the board. You have undoubtedly heard the saying of Hermann Josef Abs, Head of Deutsche Bank, in the 1950s and 1960s: «What is the difference between a doghouse and a board of directors? The doghouse is for the dog; the board of directors is for the cat.» I have never seen the board come up with an ingenious idea, develop the idea of taking the company a quantum leap forward. And that's what I ask myself: how can I, and how can we as a board team, add value to the board?

The quote shows the self-doubt board members have about their contribution. Much is assumed in boards rather than being openly addressed. Board members often do not know what is expected of them. New board members receive information about the company, but less about how the board functions or their specific board's dynamics.

The cocktail of being a special team, facing high expectations, not having a clear, straightforward role, and being placed between the Chair and the executive board makes the starting position for boards difficult. The tendency for boards to shy away from uncomfortable areas may reinforce the self-doubts of board members and can lead to dysfunctional board behavior, such as:

- I sense that the Chair prefers not to have too many debates, so I act accordingly.

- I am not sure how I can add value and therefore, I choose to be silent.

- I want to get along with other board members and to experience a feeling that I belong to that circle, so I avoid conflicts.

- I am used to having an impact and I will make a difference here. I will tell management what to do.

I urge boards to take the time to form a team and talk about their expectations, roles, and concerns. The quantitative survey in my INSEAD thesis[11] showed that boards that share «private issues»[12] have higher psychological safety and more speak-up behavior. Knowing that belonging to a group is a fundamental human desire and essential for self-esteem, this result is not surprising. Board members are also human beings; they are less anxious about their work when they are part of a team that takes the time to build a sense of community.[13]

The business world tends to focus too firmly on rationality, structure, and processes, neglecting the more emotional side.[14] According to Kegan,[15] the effort put into preserving our reputations and hiding our true feelings and inadequacies is «the single biggest cause of wasted resources in nearly every company today.» Boards are no different, but since they meet less frequently and in a more formal setting, they have an even harder time getting that spirit and feeling of belonging to a team.

If we look at definitions of great teams, trust – taking the risk of entering into conflicts (speak up) – and taking risks in self-disclosure (showing vulnerability) appear again and again. One example of Kets de Vries[16] stands for many:

The best team is one where members are ready to take personal risks, prepared to tackle conflict, and willing to have courageous conversations. However, these developments are contingent upon an underlying team culture of trust, reciprocity in self-disclosure to improve interpersonal dialogue and constructive conflict resolution.

If we want stronger boards who do not just tick off the agenda points, boards will need to face more interaction within the board and with management. Along with those interactions, disagreements will inevitably arise. Therefore, as Edmondson[17] states, we have to develop interpersonal skills related to learning (inquiry, curiosity, listening) and teaching (communicating, connecting, clarifying) in a world where collaboration and interactions are becoming crucial for the success of any business.

Boards of directors have to make tough decisions under challenging circumstances. Limited time and a relatively large number of participants at meetings mean that members have to assess whether to make their voices heard or remain silent.

11 For my INSEAD thesis about «Improving Board Dynamics and Open Dialogue – How speaking up could transform corporate boards», I conducted a survey with 13 boards in Switzerland.
12 «Sharing private issues» means to talk about issues which are not business related. Google undertook a project to find out what the most successful teams do and found that they share «private issues.» See Duhigg (2016). What Google learned from its quest to build the perfect team. The New York Times Magazine, 26.
13 Kets de Vries (2011). The Hedgehog Effect: The Secrets of Building High Performance Teams. John Wiley & Sons.

14 Zaleznik (1997). Real work. Harvard Business Review, 75(6), 53–59.
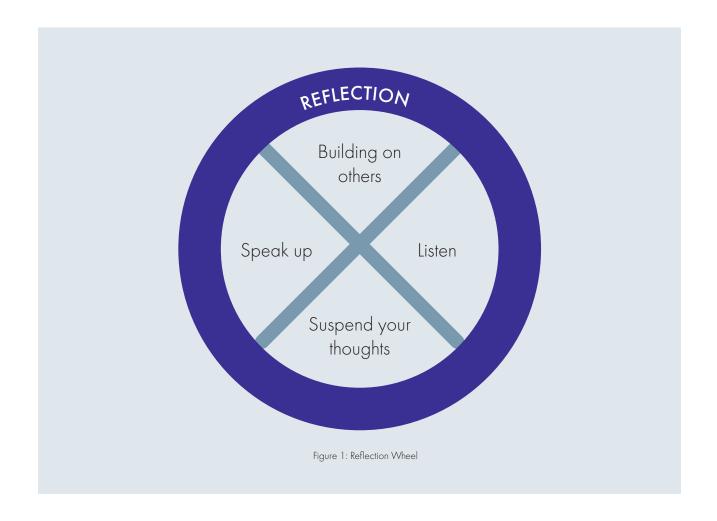15 Kegan et al. (2014). Making business personal. Harvard Business Review, 92(4), 44–52.
16 De Vries. The Hedgehog Effect.
17 Edmondson (2012). Teaming: How Organizations Learn, Innovate, and Compete in the Knowledge Economy. John Wiley & Sons.

The challenge is to find the balance between asking a question, making a point, expressing your views, listening, and functioning as a team of colleagues. Speaking up at the wrong moment can shut down somebody else. Listening and building on others' arguments is a different encouragement for somebody else to speak up. If we also manage to reflect on our behavior as a team, we are on an excellent track – as the Reflection Wheel (Figure 1) demonstrates. As a quantitative analysis in my INSEAD thesis[18] demonstrated, reflection sessions are essential for boards. Joint reflection sessions within the board were the main trigger for psychological safety, voice, and open dialogue.

18   Sieber (2019). Improving board dynamics.

Figure 1: Reflection Wheel

4. Board Reflection and Board Reviews

4.1 Joint Board Reflection Sessions Do Not Come Naturally

Reflective practices are slowly becoming more common in the corporate world. Reflection requires a mindset of not knowing, tolerating an attitude of inefficiency, accepting silence, and showing vulnerability. That is not how boards would often describe themselves. Successful business people tend to be action-biased. They usually know what to do and, if not, are shy about disclosing insecurities. As Argyris[19] states: «People who rarely experience failure, however, end up not knowing how to deal with it effectively.»

For any leader, the ability to reflect is crucial for personal growth. The over 60 interviews that I conducted with Chairs and CEOs around the world painted an interesting picture. I met many who were very open to reflection during the interview. However, many expressed a reluctance to share their reflections within the board or between the Chair and CEO. For some, sharing was too personal. Boundary management (not getting too close to a CEO) was often raised as a reason for hesitating in opening up and sharing reflections. It seemed too personal.

A long time ago, my experience in the interviews was confirmed by Schön[20] in his well-known book, The Reflective Practitioner. He argued that managers might reflect in action but seldom reflect upon that reflection-in-action and are even less likely to make that reflection accessible to others. However, if we do not share our reflections, no joint learning can take place. For the board to develop as a team and increase efficiency, it is crucial to learn to reflect together.

It is natural for humans to avoid ambiguity, suspense, and stress, but it is required for deeper learning.[21] Therefore, we must be aware that a certain discomfort is necessary if we are serious about profound progress. A body such as a board will – without sufficient reflection – tend to stay its course, not based on a conscious decision but rather in order to avoid discomfort.[22]

Boards certainly do not get much feedback, so talking about the board itself may not be easy. Maybe the biggest trap is to talk in the reflection session about anybody and anything other than the board itself. However, the reflection session will help the board learn about themselves, become clearer about roles and behavior, and strengthen the board interactions.

4.2 Joint Reflection Session After the Action

I strongly recommend that boards have short joint reflection sessions after each board meeting once the decisions have been made and the agenda points have been discussed.

Reflecting and talking about those reflections forces us to articulate our thoughts and allow others to understand us better. Sharing our reflections will enable others to add their thoughts and increase the chance of learning together. If you listen and reflect upon what you are hearing, you reflect together. Joint reflection allows us to develop points together, enabling us to form and communicate issues that we could not entirely express on our own. Maybe a board peer's statement encouraged you to make a reflection that you hadn't dared to share in public.

19   Argyris (1991). «Teaching Smart People How to Learn.» Harvard Business Review, 69, 3.
20   Schön (1983). The Reflective Practitioner: How Professionals Think in Action. Routledge.
21   Bogusz (2013). Reflective work in the workplace—Mirror, mirror on the wall—How much do I really want to see? INSEAD EMCCC Thesis.
22   Kayes (2017). The Limits and Consequences of Experience Absent Reflection: Implications for Learning and Organizing. In Organizing Reflection (pp. 79–94) Routledge.

Figure 2 contains some guiding principles for such a session.

Reflection session after the action

- Take a short break and then let anybody reflect for 5 minutes on their own.

- Agree on the purpose of the reflection session.

- Structure it lightly.

- Stay open, be flexible but don't lose focus.

- Take note of bigger points to be addressed later.

- No need to have long session, be short and pragmatic.

- Just do it, don't judge yourself and others and learn on your way.

Figure 2: Reflection session after the action

Those reflections serve a purpose. We want to learn as a team and improve. The sessions should increase the feeling of belonging to the team, gaining psychological safety, and increasing readiness to participate. Minor irritations, concerns, and insecurities can be addressed; these issues often lose significance when the board clears the air. You may hear seemingly minor observations which allow you to finetune your behavior at the next meeting or be encouraged in a specific behavior. Leaving the board meeting with positive feelings is vital for a strong team.

The space for board reflection is wide open. As long as reflection helps individual board members to grow, the board as a team to develop, or interactions with management to improve, it serves its purpose. An easy structure for a reflection session after the action follows the three categories – outcome, process, and relationship.

Reflections sessions after the board meeting can find essential issues to reflect upon more broadly. Such topics can be discussed or reflected upon during a board offsite, where you may also discuss the feedback from an annual board review.

4.3 Why Board Evaluation?

Is it a contradiction to favor the board's reflective attitude and board evaluation? No, reflection is a must; an evaluation is an input that provides food for thought, makes reflection easier, and may point out issues that won't come up without an evaluation. The «exact» technical results of the assessment are secondary. It is not science; the purpose is to direct you to topics and stimulate reflection.

In referring to board evaluation, I am not discussing more formal reviews focusing on legal requirements; instead, this discussion is about improving the team's dynamics and performance. The two biggest dangers of board evaluations are a misplaced focus on formal issues and a mindset of confirming that all is well, thus avoiding reflection altogether.

I strongly encourage boards to reflect upon themselves and use each board member's as well as the board's collective intelligence and intuition as the primary resource. Nevertheless, the executive board can provide feedback as well. The executive board is often somewhat skeptical of the board. Therefore, the executive board should have an opportunity to speak up as well. Speaking up means that the executive board can reflect upon what the board could do better. Shift the executive from complaining about the board to becoming active players with the chance to address their concerns.

Using self-report surveys is efficient and offers easy access to board members' thoughts, feelings, and issues. Provide ample space for comments. Although a survey is a relatively simple matter for collecting ideas, I recommend adding semi-structured interviews. Interviews give you a very different taste of what is going on, what should be addressed, and what is avoided.

I also suggest considering external support for a board evaluation. Someone has to compile the information. Perhaps the board secretary's position is neutral and trustworthy. I would not recommend the Chair undertaking it. The Chair's role is too crucial in the overall process. The more you lean into how you interact with each other, the more an independent third-party professional – a board coach – is needed.

A board coach is not a team member and therefore has more nuanced access to the team. Extensive board experience on their part help in obtaining the necessary acceptance and make it easier to crystallize essential points. However, the third-party professional should be a self-aware and reflective person as well in order not to push their views in the interview process. The third-party should focus on collecting and listening. The interviews, therefore, should be structured but not followed rigidly. The board coach can, by all means, provide feedback, but their main job is to set the ground for the board's reflection sessions. If the board takes reflection seriously, it will make a big difference in their readiness to accept and adapt to the conclusions, supported by data, that they arrive at, rather than those of a coach telling the board what to do. But it is helpful to have a neutral person collect and condense the data and run that part of the workshop.

I recommend that boards replace the individual evaluation of board members with a team-based assessment, other than that for the Chair, because his / her role stands out. A review could also cover questions about the heads of the committee. But the focus overall should be consistent with the significance of teams in today's business world.

Peer-to-peer conversations can easily be included in a workshop, combined with a short walk to allow participants to stretch their legs and get fresh air. Walking together in the same direction also has a less formal feel and a different symbolism than a setting where you sit opposite each other, separated by a table. In such talks or walks, don't focus only on what a person should avoid: it should be on positives.

5. Summary

The trend for boards to put greater focus on their inner dynamics will make board reflection sessions and board reviews more popular: in several jurisdictions, the law requires board evaluations. I hope those board evaluations will not foster a tick-box mentality focusing on regulatory and governance issues but will look at the inner dynamics of boardrooms, where I see the most significant potential.

Boards have to create awareness of the invisible issues affecting those interactions: they have to be aware that they are a team where the overall setup does not favor open dialogue. Boards should take time to work not only on content but also to form a team. They should learn how to develop trust, how to take a risk, how to talk about their needs, how to listen well, and how to digest conflicts, heal wounds, and learn what they can do better. Great teams trust, feel safe, take personal risks, and do not shy away from conflicts. And they reflect together with an attitude of learning what can be done better in the future.