



Combating the Fear to Challenge

Boardroom culture, human frailty and not knowing how to argue constructively are common root causes of a lack of debate at the top table. **Emma Carroll** speaks to leading NEDs to discover how they are encouraging a more courageous approach

In research conducted at Criticaleye's Non-executive Director Retreat 2018, attendees said the main reason

management teams fail is that people are afraid to challenge and speak openly. We invited our community of business leaders

to help us tease out the problem more fully and understand how to go about addressing it. This is what they said: >



Jamie Pike

Chair, Spirax-Sarco Engineering and Board Mentor, Criticaleye

Choose a CEO who gets the best out of their people

When it comes to a lack of challenge, nearly all failures are based on human frailties: people having a lack of self-confidence, lack of respect for their peers, over-confidence. We're all humans around the Board table.

I've seen confrontational CEOs who don't want to be pushed and try to circumvent constraints. They say: "I know what I want to do, and I'm going to do it." As a Chair, you've got to reply: "Look, you're doing your job, but I'm going to do mine."

You want a CEO to be proactive and driven, but you've got to make sure they take the Board with them, and that means being able to engage in constructive debate around the risks and rewards of a strategy.

When it comes to some Chief Execs, by nature you're selecting big personalities, charisma and a lot of drive. People beneath them will sometimes be overawed; they

won't necessarily be frightened, they may just think the boss is brighter, smarter and so assume they'll be right.

You have to ask if a CEO is trying to get the best out of their people. Ultimately, Boards exist to see that the business has a rational strategy and a team that can implement it effectively. If you feel you have a CEO that's not the right person to do that, then you need to get someone who is.

“There are ways of allowing positive challenge to flourish in an organisation”



Tania Howarth

Non-executive Chair, Ozo Innovations and Technology Advisory Board Member, RBS

Recognise when debate is being shut down

Leadership style and the shadow it casts have a significant impact on management's willingness to speak openly and challenge. I experienced an intentionally aggressive and authoritarian leadership style in a culture which was historically very collaborative and informal. Some leaders were fearful of speaking out or didn't know how to handle the conflict effectively. When this style permeated the boardroom, the management team found every Board meeting a 'trial by fury', and so what they were prepared to share with the Board diminished.

More typical was the charming, charismatic leader who exuded confidence in the strategy and his ability to deliver it. Challenge towards this leader was subtly disarmed and effectively shut down. The business was going through a radical transition of strategy and, while there was a lot to question with the new plans, very few people spoke out.

Some wanted to believe in the new direction, others saw a career advantage in doing so, but mostly people didn't want to attract a negative spotlight.

There's a danger you can delude yourself as a leader into believing everything is fine, because you're not getting the challenge, and so assume that everyone agrees with you. Or sometimes you just don't want the debate, as it risks weakening your own and public confidence that the strategy you're pursuing is right. This is dangerous.

There are ways of allowing positive challenge to flourish in an organisation; it's about being open as a leader, recognising and communicating that you value input because you're not the expert on everything. It's also about signalling that positive challenge is given in a fact-based, unemotional and respectful way, and always with the best interests of the business at its core.



Phil Smith

Chair, Innovate UK and Board Mentor, Criticaleye

Encourage difficult questions

When I took over as Chief Exec at Cisco for the UK and Ireland in 2008, I looked at the results of the last employee survey. There was a question asking: "Can I express my opinions without fear of retribution?" Only 40 percent of people said they could, and I was absolutely horrified.

As a leader, I prefer to be open about the way I do things, and I want people to feel extremely comfortable expressing their opinions. If they don't then you tend to find the organisation is riddled with background conversations, which are typically not helpful and extremely opaque.

I brought in a communication and engagement programme, including 'grapevine sessions' where the management team and I would take any question – nothing was off the table. The financial crisis had just hit, and so people were asking all sorts of tricky things: "What are you going to do about the financial crisis, as you're not driving as much revenue?"; "How many people are you going to make redundant?" It was difficult, but I didn't want people to feel there was anything they couldn't ask.

Six months later there was hardly any change in the survey results. But a year on they shot through the roof

to something like 99 percent of people feeling they could express their opinions comfortably.

What it showed is it's alright to say things, but until you experience them yourself – taking an issue about bullying to your manager, or questioning something the business is doing, for example – then you don't believe it. People need to see things working for them personally. Change is hard and it takes time, particularly when it is cultural change.

Other findings from the NED Retreat 2018 Research include:

91 percent of Chairs and NEDs are **facing business model disruption**

23 percent say their exec team waits 12 months or more to **discuss strategy**

NEDs say CEOs need to **prioritise improving their people and communication skills**

To view the results in full click [here](#).



Tom Beedham

Director – NEDs and Board Mentors, Criticaleye

Listen to a diverse set of voices

There is clear evidence that diverse Boards improve business performance, because they draw on a wider set of insights and experience. But there's no use in recruiting for diversity if those people's voices don't get heard. Everyone around that top table needs the confidence, capacity and remit to challenge.

The culture of the boardroom, and the structure of its meetings, play a large part in facilitating this debate. If the agenda is too rigid, and leans heavily towards governance and risk, then there will be less time for strategic discussions.

Chairs need to be cognisant of this and use their judgment to set aside an appropriate amount of time to debate current business performance and strategy as well as governance matters.

It's also critical that the Chair gives everyone on the Board and ExCo airtime. Execs other than the CEO need the confidence and opportunity to be heard, and the Chair should facilitate this.

While there needs to be alignment between the executive team, it's no use if the opinions of the CFO and HRD are always filtered through the Chief Executive or hushed out.

Contact the contributors through: www.criticaleye.com