

Wanted: Real Communication

By Stuart R. Levine

If information is not presented crisply, directors can't stay focused, and decision-making suffers.

Have you ever been in a board meeting when suddenly all the people in the room pick up their BlackBerrys at the same time? What are the odds? Pretty good, if a presenter is on his 20th slide and hasn't yet linked his point to the company's strategy. Pretty good, if a director who always rambles has just gotten started and the chair has signaled respectful passivity.

When directors disengage all at once, they're sending a signal. They're telling you they're not listening, and that's bad. In my experience, it's usually because the quality of information or communication (or both) has just plummeted and become too tactical.

Directors bring their collective knowledge, experience and perspective to challenge thinking and bring new ideas to the table. In the scenarios I just described,

that's simply impossible. And the damage goes even deeper. The way directors conduct business defines the communication culture for executives, which is then transmitted throughout the organization.

I've been in hundreds of board meetings over the years and believe that getting communication right requires commitment on two levels: Individual directors must accept personal responsibility for behaving professionally and effectively, and board leadership must build a culture where crisp, professional communication is the standard. The following are five potential trouble areas:

■ **Presentations.** Presentations are often plagued with too much detail, too many slides, a tactical perspective and unfocused conclusions. I recall one board meeting at a financial services corporation

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where an executive was presenting on underperforming branches. We received a branch-by-branch review of performance metrics with no meaningful interpretation or criteria for assessing the data's strategic impact. For instance, we didn't learn how specific data points related to customer loyalty. What was going well? Why and what were we doing to replicate it? What was going badly? Why and what were we doing to manage the risk? Presentations should be geared to strategy; details, even when interesting, can be inappropriate.

■ **Talkative Directors.** Some people process information by talking, and they often dominate conversations without adding much value. Out of politeness or laziness, board chairs may let such behavior go unchecked. But it's their job to say "I got it" and keep the conversation moving. On one board where I serve as lead director, when the independent outside directors meet in executive session, I go around the table to get everyone's input, taking notes as they speak. If someone starts to repeat himself or to grandstand, I point to my notes and say, "I got it." Sometimes I have to say it twice, but that's okay. (Another chair uses the acronym "PAC," which stands for "point accepted; continue.")


■ **Half-Present Directors.** Board performance accountability is still evolving. Directors feel that they can arrive late for meetings, and invariably, in the last two hours there's pressure to conclude from people who have flights to catch. Then there are those ubiquitous BlackBerrys, Treos and Palm Pilots. In this environment, the group is simply not going to deliver its best thinking. The solution? One CEO I know sent an email to his team announcing he would no longer check his personal digital assistant during meetings. As head of an emerging professional services firm, I admit that switching off my PDA is hard for me. But it's key to delivering on my obligation to shareholders.

■ **Avoiding Tough Issues.** If you can't have a challenging discussion, then there's too much emphasis on congeniality, especially between the board and the CEO. On one board where I serve, a director publicly, though respectfully, insisted that the CEO

supply employee turnover statistics after she had already asked twice. Many directors I know would have wanted to avoid putting the CEO on the spot, but this woman recognized that her job was to ask challenging questions on behalf of shareholders. Avoiding direct dialogue can be especially damaging when the issue is executive or board succession.

■ **Poor Preparation.** Preparation is key to quality discussions at every level of a business, and the boardroom is no different. Too often, the board book itself is more hindrance than help. By definition, a board book arrives infrequently and is crammed with data. But when it's six inches thick and you get it 48 hours before the meeting, you simply can't get the perspective you need to add value. In this scenario, board members end up asking awkward questions and focusing too much on the tactical. (If you're consistently getting a board book late, the CEO may be deliberately keeping the board off balance to control the dialogue. This is a separate issue. Share your views with your chair.)

How to change a board's behavior to improve communication? First, set standards that explicitly define performance expectations. Once you've identified the behaviors that elevate the board process, use them to anchor all aspects of the board management process: recruiting criteria, new member orientation, professional development for board members and executives and board assessment surveys.

This may not be easy. Defining expectations and using them consistently to manage performance requires great discipline and, frankly, great leadership. But when board leaders communicate standards, and members hold themselves accountable for meeting them, they elevate board discussions, and, ultimately, generate great ideas. The payoff for shareholders is huge. 

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Action Points

■ The chair should signal when everyone gets the point.

■ Board members should keep remarks concise.

■ Directors and officers should be candid; don't be afraid to say the baby is ugly.

■ Directors should respond within 24 hours to communication from each other or the CEO.

■ The CEO should distribute a brief monthly summary of key events in the company and the marketplace.