



BOARD LEADER CHARACTER & EFFECTIVE GOVERNANCE

Authors

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Systemic challenges that affect governance such as growing societal polarization, multiple and overlapping global crises, generational differences, and intersectional inequities require reimagining/redefining not only what effective governance is but also how to lead as a board entity rather than a collection of individual members. Board leader character (BLC) addresses this question.

That leader character matters in an organization and in society is demonstrated with each successive high-profile leadership failure. There is a growing body of literature that examines the development of leader character; however, the level of analysis remains at the individual leader level. Even where governance is the focus, leader character of a board is viewed and measured as an aggregate of the individual board members.¹⁻³

Based on consultations with hundreds of boards (public, private, and for-impact/nonprofit) over 20 years and ongoing informal validation with board leaders and consultants, we propose a BLC framework where the level of analysis is at the board as a whole. Using a case study, this framework investigates the premise that boards develop a character as an entity and that entity's leader character can positively or negatively influence the board's results and, ultimately, the impact of the organization.

BOARD CULTURE & LEADER CHARACTER

A board's culture influences how its members interact with each other and how decisions are made.⁴ There are implicit rules that pattern the behaviors of board members and the board as a whole. These patterns can contribute to a healthy, high-performing board or stand in the way. Values and beliefs combined with assumptions, mind-sets, and group norms all contribute to its rules of engagement. Over time, these become the habits and traditions of how board members individually and collectively think and act.

Stories of failure and success are powerful forces that continue to shape board decisions beyond the current membership. At the same time, external forces can change the culture and leave the board vulnerable to dominant and/or dysfunctional board members or groups of members. BLC creates a protective culture that changes destructive patterns and enhances effective behaviors. The BLC framework can help board members identify areas of deficiency and overuse and be a catalyst to more effective ways of interacting, collaborative generative thinking, and decision-making.

A BOARD'S CULTURE INFLUENCES HOW ITS MEMBERS INTERACT WITH EACH OTHER & HOW DECISIONS ARE MADE

BLC DIMENSIONS & ELEMENTS

In this article, we draw on the Ivey Leader Character framework (discussed in great detail in the previous issue of *Amplify*) and its 11 interdependent character dimensions that work together to define strength of character.⁵ These dimensions are virtues that can operate as vices if used in excess or deficiency when combined with

other dimensions. Judgment (wisdom) is core to this model, in which various dimensions are intentionally used to meet the needs of the context and situation. We explore these 11 dimensions at the board level:

1. **Accountability.** Governance is about holding the organization accountable. Equally important is the board holding itself accountable for conscientiously carrying out its governing role. It unanimously takes responsibility for its decisions and actions, and all members agree to support shareholders, “careholders,”⁶ stakeholders, and the public, even if the decision is not their preferred option.
2. **Collaboration.** Collaboration is both internally and externally focused for a board. There is cooperation and collegiality among board members who are open-minded, flexible, and interconnected. The board conducts its interactions with careholders/owners⁷ and other stakeholders in the same manner. The board is neither confrontational nor conflict-avoidant.



3. **Courage.** Boards with courage are willing to challenge the status quo. Based on intentional, authentic monitoring of board and organizational progress, they let go of traditions that no longer serve the board, organization, and/or community. They ask questions of subject matter experts as well as voices that have been silenced or absent from the conversation. From this deep collective understanding, unpopular actions and positions

contrary to the loudest voices can be undertaken. The board authentically engages with the members of the community and collaborates in polarized situations. The board fulfills its governance role and does not abdicate to the CEO or staff.

4. **Drive.** Drive is evident when the work of governance is met with passion, energy, and enthusiasm, creating momentum for the organization without overstepping the role. The board strives for governance excellence, doing the work itself and not over-relying on others. Drive is shared among board members — where there is individual dominance and little collaboration, expectations can become unrealistic, and drive becomes a vice for the board. With too little drive, the board loses focus and little progress is made toward its goals.
5. **Humanity.** Empathetic toward each other, careholders/owners, and other stakeholders, a board with humanity connects authentically with others. Neither overwhelmed nor oblivious to others' needs, the board models human flourishing in which individuals and teams feel supported and are (re)energized by their work together. Generosity of spirit and forgiving attitudes keep grudges and retaliation in check.
6. **Humility.** Similar to individual humility, where one is aware of one's role and impact in the larger world, boards with humility are self-aware, admit mistakes, and request feedback without defensiveness. Board members encourage all voices to be heard and are intentional about continuous learning. New board members are welcomed for the strengths they bring.
7. **Integrity.** Well-articulated and agreed-upon values and principles are consistently used in decision-making and board processes. Transparency and authenticity guide situations that require calling out aberrant behavior or manipulative/misleading communication. A board with integrity can be trusted to deliver on its promises.
8. **Justice.** Although a diverse board composition and a framework with an inclusive lens are needed to make just decisions, psychological safety within the board is critical to having all perspectives and lived experiences heard. Without it, transparent dialogue and dissent cannot be trusted and is too risky. There is recognition when perspectives are missing and an understanding of how to ensure that they are included. Being responsive to the needs of the careholders means the board must be in touch with the social issues

being faced. Justice also means that there are consequences when policies and decisions are not adhered to.

9. **Temperance.** A strong chair sets the foundation for fulsome discussions in which each member is allocated time to discuss their thoughts. The conversation includes difficult topics and treats all views with respect without wandering into unrelated soapbox opinions. All members are given an opportunity to speak without being interrupted and their viewpoints are met with thoughtful consideration. Dominant voices are managed by the chair, who keeps the current conversation on task. Humor is often used to reset tensions.
10. **Transcendence.** A transcendent board is outward-facing and future-oriented. It consistently looks to appreciate others, inspiring confidence and commitment both within the board and the organization and contributing to a culture of excellence and learning. Innovation is understood to include calculated risks and is considered not incongruent with fiduciary duties. Failures are viewed as opportunities for learning. Patience with incremental progress on long-term objectives keeps optimism and purpose at the forefront.
11. **Judgment.** Accumulated over time and across individual board members, the wisdom of a board is specific to the situation, context, and time in history while remaining adaptable and flexible. Complexities are understood, and decisions demonstrate deep analysis and critical thinking. The board also assesses which leader character dimensions are needed to lead itself, the organization, and the community in the situation being addressed.

CASE STUDY

The authors were privy to the following situation involving a board. The situation is real, but the company and some specifics have been anonymized. This case is similar to hundreds we have experienced in a 20-year consulting practice.

As part of an intensive board discussion designed to lead to a decision regarding early capital investment in a project to replace runway X, the board passed a motion (7 to 9) to move ahead. This meant the project would launch two years earlier than originally planned.

This decision made good business sense to the board because an early launch was projected to save the overall project approximately 15%, which equated to US \$3 million. The savings would be generated by reduced temporary repairs and maintenance, plus a contractor discount for the early start.

The day after the decision, the board chair secretly called five out of nine board members to lobby for a new vote that rejected the early start. The chair had not voted in the original vote but made it clear that he did not agree with it. He did not provide rationale for this, and several board members believed he was aggravated that the CEO approached the full board with the proposal without seeking board chair buy-in.

Phone calls went back and forth between board members all the next day, with people sharing perspectives and lobbying other board members in both directions. This process of secret lobbying and individuals sharing information with just certain friends on the board resulted in a rapid disintegration of board communication and trust.

The board chair failed to recognize that the board as a whole had been significantly vested in its integrity (i.e., transparency in truth telling) and trusted everyone to provide open communication so that all board members could benefit as a single entity. At the end of the second day, several board members threatened to resign from the board, and two members threatened to contact the media to expose the lack of integrity and justice in how the board chair had behaved. (His was a public appointment at the regional level.)

Resolution came when the vice chair of the board called an immediate board meeting (there was provision for this under certain conditions in the bylaws). All board members were invited to attend. The board chair was asked to share the full extent of all his conversations with all the board members with whom he spoke outside of the appropriate initial board meeting. He was also asked to fully share his reservations about an early start on the runway replacement.

Not previously disclosed, the chair was lobbying the government to extend his term by two years to lead the board as it provided oversight on the \$20 million runway-renewal project. The chair genuinely believed he was the best person to lead the board in the governance role during the project.

The vice chair did not begin the special board meeting by discussing the runway-renewal plan and the timing matter at hand. Rather, she asked the board to reflect and discuss how it believed it could have led more effectively in this situation. The vice chair asked each board member to weigh in, and she did not make any accusations regarding the events that had transpired.

After substantial debate and productive appreciative inquiry, the board produced the following overview:

- When board members were asked to speak outside the boardroom in a secret manner, each member who was approached should have had the courage to decline such a conversation.
- The board recognized that board leadership during an upcoming significant capital expenditure phase, which was not an agenda item at the time, should have been determined through due process and collaboratively (i.e., not by the one person in the group directly affected and in conflict with that decision).
- They agreed that if a board member is genuinely concerned about how the board is leading or will lead in the future, that person should be transparent with the board rather than manipulate the board. The board recognized that its own integrity set the values for the whole organization.
- The board, including the current chair, agreed that the board group, not just the chair, is accountable for making just, effective, and responsible decisions.
- Further, members recognized that the board needed to be accountable and speak with one voice for all its decisions.
- The board chair shared that although he initially thought he was acting in the best interest of the organization and its outcomes, he had not demonstrated humility, which pulled the board team into a state of chaos.
- The rest of the board listened to him and decided that rather than staying angry with the chair, they would be empathetic and recognize the chair's actions as a mistake. Together, they agreed to forgive the mistake and continue to work with the chair as the first among equals. There was agreement that some trust had been eroded, but everyone said they would work hard to rebuild their interconnectedness, transparency, courage, and trust.

So that cool heads could prevail, the board agreed to gather in two days to further explore the decision to move ahead on the early launch of the project and discuss innovative ways to explore board leadership over the next few years.

CONCLUSION

The board in our case study came close to becoming completely dysfunctional: unable to lead and make decisions. One of the critical tipping points toward improved board performance was the vice chair's decision to engage the board in evaluating its leadership approach and character, rather than jumping back into a debate on the technical decisions at hand.

Sometimes, boards solely focused on the content of their work ignore the nature of the board as an organization that must actively choose, develop, and practice strong, healthy BLC. Through emerging BLC, this board transcended some negative individual board member behaviors. It constructed a path to strong, honest, engaged leadership that recognizes that a collection of board members can become an entity that develops effective leadership by attending to its leader character.

REFERENCES

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- ⁵ Crossan, Mary M., et al. "[Toward a Framework of Leader Character in Organizations](#)." *Journal of Management Studies*, Vol. 54, No. 7, December 2016.

- ⁶ "Careholder" is a relatively new term used to describe people who have a legitimate interest in and care about the capacity of an organization to fulfill its purpose and critical outcomes over the long term. Careholders are one type of stakeholder.
- ⁷ Owners are individuals (and organizations/ companies) who make up the ownership or who own the organization or business. These people are now sometimes referred to as the "careholdership" in governance systems.

In most organizations, the ownership or careholdership is relied on to provide input and sometimes to vote on the purpose and expected results at a high level for the organization/ business. The ownership or careholdership is often also consulted regarding the values related to ethics in an organization. As the owners, they often have the right to vote on decisions about purpose and ethics. Typically, the board of directors reports to the owners (i.e., careholders).

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