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When Board and CEO Strategies Clash

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Foreword

by Michelle Ronco
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There are many critical challenges that directors face in their quest to best serve shareholders. While some matters are more publicly consumable, such as profitability, diversity and compensation, others are more nuanced and thus kept from the public sphere. A boards' overall effectiveness can be derived from leadership, preparedness, skills and experiences as well as the tone set by the board in regard to engagement and alignment. Michael J. Beck's piece about how a CEO and board work together highlights how communication, style and the inner workings of a board affect its overall effectiveness.

When Board and CEO Strategies Clash

It's nice to think that Boards of Directors and CEOs will always agree on things. Unfortunately, that's not always the case and inevitably the CEO and the Board are going to disagree.

A Board's role involves looking out for the interests of the shareholders and developing overarching strategies to maximize shareholder value in the short-term and long-term. A CEO's role, in spite of the fact that he or she is the Chief "Executive" Officer, often involves developing strategy in conjunction with the board. Ideally, these strategies are ones which enable the company to achieve the Board's strategic initiatives, but sometimes the board and the CEO have competing visions for the future of the company. Thus, being able to resolve a difference of opinion is essential to creating an efficient corporate environment.

A natural course of action is for the Board to adopt a "Command and Control" approach. This strategy hinges on the boards supremacy over the CEO and as a result comes with its fair share of issues. Occasionally, this approach will produce the desired results, but more often than not, these results will be less than ideal. Generally, the best outcomes are achieved through collaboration. as opposed to dictatorial mandate or

Another course of action could be for the Board to replace the CEO with someone better aligned with its strategies. Although this may work, it's usually a lengthy, time-consuming, and expensive process. At best, the strategic plans would be put on hold for a period of time and at worst, the strategic window of opportunity may come and go, thereby forfeiting any advantage.

A third means of resolving the situation is to simply acquiesce to the wishes of the CEO. Although this course of action may keep the peace within the company, it runs the risk of taking the organization down the wrong road.

The best resolution of this conflict is for each side to compromise so agreement can be reached. As with any conflict, each side feels they're right and that their reasons are justified. However, arguing one's case more strongly rarely leads to the resolution of a conflict.

The art of persuasion is uncovering the other party's motivations and perspectives, and then offering alternative perspectives so that a compromise can be reached. Uncovering someone's motivations and perspectives is accomplished by asking good questions. When each party seeks to better understand the other, it becomes easier to find common ground.

The key to getting to the root issue is by continuing to dig deeper - asking "why", followed by "why", and followed by "why" yet again. At some point, either their wisdom becomes apparent or their error is revealed. Either way, one side or the other will be persuaded. If a true impasse is reached, then compromise may take the form of agreeing to start in one direction and then re-evaluating the strategy at some checkpoint or milestone.

By skillfully working to understand the other person and then effectively persuading them, great solutions are forged and great results attained.



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Michael Beck is the Founder and President of Michael Beck International, and an executive coach, business strategist, and author of the book, "Eliciting Excellence". He is passionate about helping companies and their leaders bring out the best in others, and utilizes executive coaching to improve their effectiveness, broaden their strategic thinking, and maintain their focus on execution.

Based on his 35+ years of domestic and international experience, Michael has developed an approach to executive coaching and strategy development which allows him to identify core issues faster and develop effective solutions more quickly. Whether working with leaders to enhance their effectiveness or working with them to develop great strategies, his distinct way of thinking allows him to see patterns where others simply see complexity. Connect with him on LinkedIn: www.linkedin.com/in/mjbeck. Also, visit www.michaeljbeck.com to learn more.

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