



Take on Board

Transcript – Carolyn Grant

Carolyn Grant 0:00

Today on the Take on Board podcast, I'm speaking with Carolyn Grant about psychological safety in the boardroom, and how it relates to decision making. First, let me tell you about Carolyn. Carolyn is an advisory board member to Civic Ledger, Sanford Support Network and Cerge Proprietary Limited. She's an advisor, author and creator of tools and frameworks founded in neuroscience, to provide evidence based insights to improve the quality of our decisions, and the implementation of them in our organisations. Welcome to the take on board podcast, Carolyn.

Carolyn Grant 0:32

Thank you. Thank you for having me.

Carolyn Grant 0:34

My pleasure. So as always, before we delve into our topic of psychological safety in the boardroom, I always love to hear a little bit more about the person we're talking to. So can you tell me something from the last month or so that you're proud of?

Carolyn Grant 0:51

Yes, this is a good month to ask actually, because, well, I think just actually getting the psychological safety boardroom benchmark out there has been a significant achievement, because it was also funded by having started talking to you about it, or a year and a half ago. So it's, it's a little bit long ago already. So that has taken a lot longer than I thought. And I think it's just you know, not knowing when to stop and go, Alright, now, break here, just produce it. And the second thing we did was a huge project with women on boards and we basically developed a legacy leadership framework, so a new model of leadership after more than two decades of crisis in leadership. So it's a bit of a big month. Actually, I don't know how I got them to land on the same month, it wasn't planned, believe me.

Carolyn Grant 1:38

Right. So it's kind of the the landing of 18 months work is all coming together in this month. Well done you. You've you've had a lot of things learned in in the last month, one of them being your

psychological safety benchmark. Before we delve into that part, I know we keep saying before we delve before we delve, but what from your own experience drove you to conduct that research into psychological safety?

Carolyn Grant 2:09

Yeah, great question. I was a board member. And I went to do some refresher courses. And I did it with the AICD, because I'm a graduate of the governance program. But I was also exposed to some of the training within the Governance Institute. So as you're not you know, when you're first actually starting to sit down, you're just listening and taking in all the conversations around you. And I think, like I start writing, and I have hundreds and hundreds of pages everywhere, I must stop that. But I looked down, and I was looking at the words I've written, and it was just this word, you know, toxic culture, fighting, recording issues. And they were very similar to some of the arguments that I've heard on my own board. But also, I guess it was a little bit distressing, that people's anxiety levels and their sense of comfort and a sense of dissatisfaction, whilst though working on boards was actually coming through really strongly. And we were looking at topics such as how to optimize the improvement of your board and things like that. And I was saying, and you know, as I'm listening, I'm thinking, wow, wait, we're not even how can we really optimizing our decision making if this is the basis of conversation just when we're coming in talking to each other? And I thought about it for a while. And I had joined Women On Boards and a few other groups and just listening and I was getting the same sorts of anecdotal evidence coming through. And I started asking question, and initially, I didn't want one of those bigger organisations to take on the research and do it. But I didn't get a lot of interest. And I think it was just curious enough, and wanted to actually understand it better to go. Just do it. Do it yourself then and, and look, it was a real passionate topic for me, because about three years ago, I was introduced to a woman called Linda Ray from your capability, who had started talking to me about neuroscience and leadership. And it was fascinating. I was loving every minute of it. It got me out of bed in the morning, almost more than my work did. And as part of that, I was introduced to two words, which was called psychological safety. Oh, oh, okay. This is my aha moment. Because I've been going in doing a lot of training with organisations and leadership teams on customer centricity. But what I found was, we were losing those people as fast as I was training them. So I'm going to big organisations and we're looking at a 30% churn rate. And I went right here, I've been measuring engagement on the measuring culture, I've been doing a lot of this activity, but I think I've actually been missing it. The root cause of all this, and one of our lead indicators of this is psychological safety. So it changed everything for me. And so when I started applying psychological safety, and then suddenly the things that I was hearing from boards, oh, wow, how much has actually been done to look at our boards in terms of psychological safety? How much has actually been done with our leadership teams in that interaction? I found very little, but a lot in psychological safety. So I kind of almost, you know, gave me more incentive. And then I spoke to people like yourself, I spoke to people like Lisa Cook from Women On Boards, and they're all encouraging me going do it, we'll promote it, we'll push it out there. And so it was actually probably a real life robot. But it was a lot easier with that collective. And it was, funnily enough, all women that were pushing it, which was absolutely, you know, it was great. It's fantastic for me.

Carolyn Grant 5:29

Yeah, well, I know when we first met, and I cannot believe it's 18 months ago, but there you go, or whenever it was, might have been, you've got such a natural sense of curiosity, and I loved how you were like, Oh, I was curious about this. So I went and did something about it, which not enough people do, quite frankly, it's like, oh, I'm curious about this, or there's nothing out there. Oh, well, and then no, but you were just like, let's just get on and do it, then, shall we? I love it. So tell us how this piece of work came to be. And then tell me about what the findings were.

Carolyn Grant 6:00

I was really lucky. I think, as I said, the networks that I had, and people like yourself, and let's cook, Claire Braun, really interested in the topic, I think they had started looking at the dynamic supports, and everything is around improving that board dynamic and improving that quality of decision making. And to put into a little bit of context, I don't know if anyone's ever read the book, *The Cave*. And it was about Yeah, the Thailand boys soccer team that were rescued one of the best books I have ever read, I read it three times. And I look at that in terms of psychological safety. And I look at whoever had to make these decisions, you know, and they changed leadership a couple of times during that. But here you had people from various backgrounds, various cultures, all trying to solve one problem. And that was very, very clear that they want to save the lives of these young boys and this soccer team manager, you know, that was the one clear goal. And regardless of the hierarchies, regardless of the differences of positions and of experience, you know, you had men that basically, were selling nests of birds who actually came down saying maybe we could help, by the way that we do this, maybe we can help because this is how close that we can get, you know, so no one was ignored, no experience was dismissed. And I looked at that. And when that was a good decision, that was a that was great decision making on a great scale, where everyone had a one goal. And then I look at some of the front line papers that we haven't stories that we have at the moment around our boards and some of the decisions that we make, and some of them that have ended in fatalities. And, you know, you start to really question what are we doing on these boards? And where are we going with them? From a regulatory perspective, we've had a lot of change, and a lot of focus on Workplace Health and Safety and psychological safety. So that has created a real great impetus. But my passion was quite simply going to organisations and I'm trying to get the best out of them. I'm trying to go how can we have this high performing team, but also how can we mitigate the risk as that we're now exposed to as leaders and managers. And if we don't have this open conversation, and we don't have this ability to be transparent and tell the truth, then we're just exposing to each other more and more risk. And I have a partner who have been married to for a number of years, who is a Barrister on workplace health and safety. And to be honest, every time I left for a boardroom meeting, he was getting stressed. And when I came home, he's even more stressed. And we do we have to actually start looking at what's on the line here as part of these roles, and what exposure are we being exposed to by the other people around our table and by those that are actually reporting to us, and sometimes sanitizing reports thinking that they're telling us what we need to hear, as opposed to, you know, what we want to hear, as opposed to actually what we need to hear? Absolutely. So what we did is I went out, and I use those networks that I had created that

were fabulous, you know, when you talk about something like soccer to say that not many people actually understand and I've been trying to, you know, generate awareness for years.

Carolyn Grant 8:59

Well, I was going to say, you're right, it says it sounds a bit mysterious. And it's not that mysterious at all. So tell me, yeah, tell us what it is. And then what you did.

Carolyn Grant 9:06

And it's really interesting, I think we've all had those moments, if we put it in a personal context, you know, where we've sat around in a team, and we've known the answer to a problem, but we haven't been able to speak up and talk about it, where we've wanted to speak up, but we're afraid of someone else actually putting us down or laughing at us or cutting us off. We've all had those moments where we've seen others be interrupted or dismissed. We've been marginalized. We haven't been accepted for everything that we have to give. We've been pigeon holed into our marketing skillsets or our IT skill sets or our finance skill sets. So these sorts of things really start to add up. And actually when we started asking the question a majority of the time 80% of people will say yes to being treated like this within a meeting within the last 24/48 hours. So essentially the easiest way that according to psychological safety is where you feel safe enough to be vulnerable with other people. First of all, you feel like you're part of a team that you feel safe and included, and you feel like you belong? Only then can we move to the second stage where you actually don't feel safe enough to ask questions, then you actually move into the third phase, which is more around, do I feel safe to actually contribute now can I actually give my opinion freely and I'm not afraid that something's going to happen if I give that opinion. And then finally, when we're at that level of safety, we're at the ultimate level of safety, which is where all of our problem solving and our innovation comes from, which is I feel safe to challenge that I think we can do things better, how can we come up with ways to actually do things better to improve this, and when you look at patient experience, customer experience, things that we actually need adaptability and innovation, what you're actually trying to do there is do things better than the way they're currently being done. And you know that continuous improvement comes from that safety. So people don't feel like that if they feel like they might be interrupted, they might be punished, they might be overlooked for a promotion, or for a project, they may be even just laughed at, you know, they feel humiliated or embarrassed, then you haven't got that psychological safety, which means that in terms of trying to get that dynamic to actually innovate, problem solve, deliver great customer service, you're not ever going to actually achieve that.

Carolyn Grant 11:22

So from the benchmark study that you did, what should boards be thinking about then in for their own decision making for their own dynamics? What should they be thinking about?

Carolyn Grant 11:32

The board's at the moment, I think, if I, if it was me, I would be making sure that I'm actually measuring the right thing. So you know, as I said, we were measuring engagement, we should have been looking at a lead indicator, by the time we get to engagement, by time we get to culture where they're lag indicators, we need to be looking at lead indicators. So the great thing about the research is that it showed that it was a lead indicator. So it's a lead indicator for advocacy, in terms of board advocacy, and in terms of organisational advocacy. So if you're not getting great referrals, internally, you're certainly not going to be getting them from your customers to a large degree, if you can't feel and attract great talent, that's going to have an impact on the type of talent that you're acquiring in your organisation. So that showed positive correlation, it also showed a positive correlation with our critical decision making any value or the quality of decisions that were coming from our boards. And that was a self assessment. So I didn't go and assess the quality of the decisions. But people who are filling in the survey said, we don't believe the quality of our decisions are actually high. You know, we think that so. So as a result of that, that actually puts a whole lot of warnings and alerts to me to director and officer insurance to Workplace Health and Safety Insurance obligations. So to me, if we're going to start looking at numbers, let's actually look at numbers that are leading indicators about performance and, and about future potential risks. So that's what I loved about psychological safety. And then the research supported that. I think, interestingly, only 25% of those respondents said that their decisions were highly effective. So that to me was, oh, wow, that's, that's distressing, when we actually asked in terms of your people and culture decision that dropped to 13% being highly effective. So you know, and then we said, Well, do you personally feel like you're, you're effective on the board, and 35% said, they were, you know, we're not utilizing the strengths that we have around a boardroom table, because one of the things that came through really clearly was that everyone wanted to be valued, and they wanted to give, and they did have the same account set, it was the same purpose. I think they're questioning each other's purpose. But they certainly had a key driver that they didn't think was a poor intention, one, that that there was a higher purpose for them being there, but they just did not feel valued or that their strengths were being optimized around that boardroom table. So when I look at that, in terms of what exposure you're now exposed to, in terms of just from a workplace health and safety perspective, in terms of other people within those teams in the leadership team, that's great risk, because psychological safety has an impact on physical safety. psychological safety has an impact on your customer, and the level of service they're getting has an impact on your mental health within organisations. And we've been able to demonstrate obviously, that in terms of the advocacy in terms of is this a good organisation to work for? Is this a good organisation to purchase products and services from so? So for me, it's had a really great impact. But those three questions to me was something that we all should be asking, Are we actually making great quality decisions in mergers and acquisitions? You know, for me, there is no way I would want to buy another company unless I did a psychological safety assessment of that other organisation because you don't know either future payment that you're going to be getting within the next 6 to 12 months. So it has impacts everywhere.

Carolyn Grant 14:56

If I'm understanding right, psychological safety is a lead indicator for a good organisation to broadly sum it up, other than asking people, do you feel safe? Or maybe that's it? How do you know you've got psychological safety or not?

Carolyn Grant 15:09

I think it's very visible. It's definitely a psychological safety is a personal assessment of your own feeling of safety, your own feeling that I can actually contribute. We measure levels of respect, we measure levels of trust. And we measure how the types of permission people believe they have to freely be able to contribute. And so there's a number of questions that we ask around that. And we've even had to probably increase the number because they're in such trust issues from a leadership team. And, and that was one of the things that came through, we were lucky enough that a lot of the work that I've done with organisations and their leadership teams and their boards and management teams, we had enough information to be able to do some comparisons. And you know, what we saw was this trust level, the high levels of trust within our boards and our executive leadership teams, were only at around three out of 10, that felt that they trust each other with high levels of trust. When we drop that down to an organisational level, it was suddenly six out of 10, seven out of 10. So we have great levels of trust. From our frontline perspective, probably one of the biggest issues and for those that are working in transformation, project change, those sorts of projects, only 36% of our frontline employees trusted the decisions coming down from our management teams, were our leadership teams. So that means that if we want to look at why some about change, and transformation, or innovation projects are not working, then then let's look at this level of trust. But of course it doesn't. It's just not all about that. Probably one of the biggest misconceptions around psychological safety is that it's all about feeling nice around the boardroom table on that's not it at all, you know, it really is about this intellectual friction that you have, that you're able to debate, you're able to give your opinions across, you're able to share this information, but you don't do thinking that you've got this personal conflict or this personal attacks, you're able to go look, this is where robust decision making happens. This is where we get external experts to actually give us some advice around certain things, or we use that differing opinions and performance and perceptions and history of the people around that table. So without that, and without that vigorous debate and that ability to facilitate that we're not actually getting psychological safety at all. And probably the other thing that comes around that is that this lack of accountability, so we had 623 people respond. So it was a significant study. But only 14% believed that there was actually accountability within their board or leadership teams. So psychological safety is also around that it's about giving people the frameworks to be able to behave correctly. So this means taking our values to the next level in terms of, well, how do we actually exhibit those behaviors, but also, what's the sacrifice when we decide that we're going to exhibit these behaviors, and we've never really asked ourselves those questions. And from an ethics perspective, I think we need to, because those little, well, we're just gonna do these points. And we're just gonna let this slide a little bit is causing this huge ethical slide that I think we're seeing everywhere. And certainly that was the other thing that came through from the survey. But they don't believe that the processes and the systems that are in place are actually getting rid of a lot of the personal tensions

that come involved in decision making. And so therefore, it's actually eroding a lot of the good work that that should be happening around organisation. That was gold for me in getting that information. And I guess the other thing that that it sort of brings to mind, and I always have to say it because of the network that I had, and the way everyone went out, people assume that this study was mainly done with women, but 77% were men. So we have 77% of men out there saying we don't feel psychologically safe around the boardroom table. So you know, four out of 10 of them are not feeling safe. And a lot of the time when we asked them the reason why it's more around the sense of loyalty that they've been tapped on the shoulder and they felt hard, you know, difficult to challenge the status quo because they felt like they were being disloyal to the person that had put them on the board. That was a really telling him strong men strong and intelligent men. So it comes in all sorts of ways, shapes and sizes.

Carolyn Grant 19:27

Oh my gosh, that is also interesting. There is a number of rabbit holes, I want to go down there for good decision making my view, you need diversity and you need constructive tension. Having tension in the boardroom or tension in any group is not a bad thing as long as there is psychological safety and it's managed well. Having said that, groupthink is clearly easier. If everyone can walk out of the boardroom and just pat themselves on the back about what an awesome job they've done. Then everyone feels great about that. So that tension, I would say it's it's inextricably linked to psychological safety to have that good outcome from diversity. But what can you tell me about the benchmark? And the report that you found in that regard?

Carolyn Grant 20:08

Yeah, there was probably not a lot of diversity we had from a racial diversity and gender diversity. Males, I think 1% that didn't want to identify

Carolyn Grant 20:25

All those steps probably represent boardrooms would be certainly does on the gender side. I'm not sure if it does in terms of cultural diversity, but it probably represents the boardrooms that Australia?

Carolyn Grant 20:35

Yeah, absolutely. What we were able to do is, and this is probably one area that we focus on, in terms of the reason we don't use customized, or a non customized tools, is that we're able to look at some of the dynamics around that boardroom table in terms of the cognitive diversity. So you know, as you know, you'll have people that are more driven by certainty, you will have others that are more driven by I want just want autonomy, others that are more than connectors and the

relationship person and others that are absolutely driven by shared values, and others that are really around fairness and equity. There's it might be around status and significance. Now, this really changes the dynamic dynamic of your board. And in terms of what you're wanting to achieve, if you've got a lot of people around that table that are in status and significance and maybe in certainty, but you want to, you want to adapt and move quite fast and quickly in terms of innovation, those two are generally going to slow it down, you know, you've got people who are just going to continually check and check and over check in terms of that certainty. And your significance and status are not generally going to want to let go away from what the light responses are showing me where I'm going to be profiled a little bit more, and this enhances it, then then maybe we can look at it. So we've got some real cognitive diversity is around that boardroom table. And of course, that's what's throwing a lot of us into this dynamic. That's not nice that it hasn't got that nice intellectual friction, and it hasn't got that levels of psychological safety that we need. Because we actually don't understand how we should be talking to each other, or even reporting to each other. And a lot of that comes down to, well, if someone is high uncertainty, then what you need to be telling them is, where's the process? Where's the procedure? Where's the checklist? Where's the accountability? Give me all the information that you can possibly give, even if you think it's not necessary, over in for me, now the person is more around relationship and connection. They might not be interested in all of that detail. But they'll want to know, well, what's it going to do? What's What's the positive impact here? Who's it going to impact? How can we celebrate this? How can we work with this team? How can we keep this together? And what are those milestones that we can celebrate? So you've got to give them different information. And that's what when I think we're doing that very well, we're kind of assuming that everyone is the same as me. And so when we're giving information, we're not actually taking into consideration that we've all got different realities here. And we often start with that we start with what are the different ways that we think and happiness? Get on board? And second one is that we are almost becoming the worst communicators in the world. And almost the higher we go up, the worse it is. And I think when we ask ourselves, are we good at communication, you think, Well, I can write I can speak English I can. I can talk? Yeah, I'm a really good communicator, I write all the time. It's our conversational skills are declining at such a rapid rate, because we're got too many things going on. A lot of our time is so poor, and I think when we look at group think, our time resources are really driving a lot of that. But if we went back to Conversations half the time, we're not even talking the same thing. They don't talk, we're talking different languages, we actually haven't made sure that around that boardroom table, we're all have the same reality in the same section, what we're talking about. So how can we actually have these conversations that are robust when we're all talking 12 different things, or we're all you know, we're at cross purposes, because we haven't made the first step in going. And we all agree that this is what we're talking about is this, you know, the other is that we're so busy trying to pigeonhole people into how it makes us less fearful about working with them, that we've forgotten that everyone comes with this huge array of skills and experience prior to coming. So, you know, we need to actually step back from the judgment and actually have a little bit of self awareness about what's throwing us into this risk that we have to start pigeonholing people and we can't just accept that they're hearing that everyone has something to say. So, you know, we've got a few, I think we need to be a little bit more human. And we need to actually take that back into the boardroom a bit. It's so great to understand the financials, but they're too late. By the time we're looking at the financials. Some of these people issues are costing you a significant amount of money and are bound to get you in trouble either legally or regulatory.

Carolyn Grant 24:56

Be a bit more human in the boardroom and on the Finance Committee and on the Risk and Audit Committee. And on those other hard edged ones be a bit more human. I love it.

Carolyn Grant 25:04

Yeah. And, you know, our, the way we address people and I don't know, it's probably a question to ask later on. But what I found is a lot of our people and culture issues are addressed by governments around our risk teams. And I'm not putting people into a pigeonhole box here, I don't. But in a lot of the time, we need to have our people and culture issues taken out of that, and we need to have time to address our people, you know, we have to do that. It's taken us into a financial governance or risk committee that and quite often those people aren't experienced enough, or getting enough of the information from our frontline to be able to make great decisions, you know, with the facts that we need to actually drive those insights.

Carolyn Grant 25:50

Yeah, well, there you go. I was just well, I'm going to come to it now, about what are the main points you want people to take away? And for me, that's one of them having that people and culture in its own part? Yeah. So what are the key points you want people to take away from this conversation today we've had about psychological safety.

Carolyn Grant 26:07

I think if if people don't understand what psychological safety is upskill on it straightaway, this is probably one of the biggest risks. And you know, we've just had respect at work. A legislation come in this links directly into that and has a whole lot of repercussions. But it goes further, you know, this is about your personal exposure as a result of any sort of bullying or harassment, or the fact that people feel that there are other psychosocial hazards. And the next is about feeling fatigued, overly fatigued. Now, there's a lot of different hazards within here that we need to be aware of. And all of our state departments are great in providing information, free information around our psychosocial hazards and how to do that. So but I'd say upskill, get a boarder, and ready if you can and have that brown trouser talk as our legal friends like called. The second is, I think we need to improve on our conversational intelligence. To me, it's all starting there, it starts with a conversation, that's conversation builds to relationship, that relationship takes it into culture, you know. So if we want to look at where we're going to start, let's look at that conversation level and making sure we all have those skill sets. You know, we talked about how culture takes such a long time. And I think it's because we're not starting with conversations, we're too busy trying to change the values, and we're trying to get people to change their behaviors, but let's actually start a conversation level so that we can have those accountability discussions around our behaviors, we can have those accountability, discussions around our performance, without throwing everyone at a risk, you know, and, and

behaving badly, then as a result. So that, to me, the two things upskill yourself in psychological safety, because this is your greatest risk, and to look at your conversational intelligence skills and upskilling. That governance checklist, I'd be saying, if you haven't got that on your performance indicator, in terms of here's our finance balance sheet, here's our people balance sheet in terms of psychological safety, then again, you're at great risk. But also, there's an upside to this, you focus on this, you're going to see and improve performance. You know, businesses have shown that, that there's usually a 22% uptake in your performance. So let's focus on that, you'll see that your reliance on all your policies and procedures, and all of your, the values and all of the things that you do to try and drive behavior will actually drop off because you won't have to spend any time on that. So you're spending on doing those great improvements and the learning and the innovation that you've been wanting to spend more time on. So that's probably from, from a board governance perspective, that's what I'd be doing. If your leadership teams are not actually reporting on their people issues around their psychological safety ratings, and what we're doing to improve and how we're growing them, then then I think there's great risk.

Carolyn Grant 28:52

Is there a resource you would like to share with the take on board community?

Carolyn Grant 28:56

There is we're doing boardroom briefings, obviously, we think it's really important. But we also do assessments of boards and their leadership teams and their organisations. So we do organisational level. So for me, we're here for you, we're here to help. The real modus operandi here is to provide the insights that you need to make better decisions and to reduce your personal risk, as well as your organisational risks. So we've got a lot of tools and frameworks, whether it be around to how to drive innovation and reduce the risk of taking to market to our psychological safety and assessments to best practice communication and how use that so it's all on the scoreboard that neuroscience feel to it. So it's fantastic, hopefully, allowing us to actually put the focus where we actually need to so that we're actually getting bigger bang for dollars. So if we've only got \$100 to spend, we're at least spending it in the right place.

Carolyn Grant 29:48

We will obviously put a link to your report and to the summary report, as I understand that the full report is available for purchase but the summary report people can just have a look at so I'll make sure we put links to both of those in the show notes. as well as to that book, if you can send me a link to that book that you mentioned about the Thai Caves, I'll put a link to that in the show notes as well.

Carolyn Grant 30:07

It's a great route. It's a really fascinating route.

Carolyn Grant 30:10

Thank you so great to have some of this research. So great to have you here to be able to explain it to the take on board community. So thank you so much for taking the time today to share some of that with the take on board community.

Carolyn Grant 30:22

My pleasure. Thanks for having me.