



Take on Board Podcast – Episode 358

Transcript – Helga goes solo: What to do about a time sensitive board issue

Hello, and welcome to the Take on Board podcast. I'm your host, Helga Svendsen. I know that being on a board can be an incredibly valuable, interesting, and exciting experience. Yet, it can also be lonely, challenging, and let's face it, pretty hard. So here at Take on Board, I'll bring you weekly tips, tricks, and advice to help navigate your way onto your first board, your next board, or to build your governance wisdom.

Now, on with the show. Hi, folks. So this week I want to take you inside a scenario that gives possibly even the most seasoned corporate directors a bit of a cold sweat. Picture this: You've just landed a fantastic new board seat. You've reviewed the board pack, you've met the CEO during the interview process, and you walk into your very first official meeting feeling energized, ready to add real value.

You breeze through the standard opening items, you approve the minutes, and so on. Well, you don't, you weren't there, but the board approves the minutes. And then the very first major item on the active agenda drops like a bombshell. Management's asking board for immediate approval on a massive company-altering acquisition.

As the discussion unfolds, you look around the room and you realize the rest of the board has been debating this for six months, but for you, completely new. The pack's got some information, but definitely not all, and you've got a mountain of unanswered questions. Worse yet, it's time-sensitive. Management says it has to be approved right now for it to go forward.

So what do you do? Do you vote yes to be a team player? Do you vote no? Or do you try to pull the emergency brake? This exact dilemma was recently broken down in a masterclass governance session that I attended, hosted by the awesome team at Pioneering Collective. They're a US-based network supporting executives and coaches and those to be their best, um, in their roles and to be awesome change-makers.

I'll put a link to them in the show notes. I've had a number of their people on the podcast already, and they are fabulous. So they were the host of the event and the guest speaker was Susan Engley. I hope I'm saying her surname correctly. She's a former senior advisor of board governance at KPMG's Board Leadership Centre.

Now, just to note, because this session, like many of the sessions I run, operate under Chatham House rules, I'm not going to share the names of anybody that was there or what

they said or even, you know, "Oh, at my board, here's what happens." Not going to do any of that. And it was a hypothetical. This wasn't anybody's specific board challenge that they were bringing to the table, but it was such an awesome conversation that whilst what goes into the room stays in the room, I did get the permission from Pioneering Collective to at least share some of the collective wisdom and themes that emerged.

So here they are. We'll unpack the scenario and maybe map out a survival guide. So first up, when the scenario was first posed to the group, the virtual room kind of split into two different strategic camps. It was really fascinating to look into the director psychology and corporate maturity. So the first instinct of a couple of directors was to abstain.

Um, probably what I would've done. Well, I think that's where I landed as well. So the argument here, obviously around fiduciary duty, it's simply not responsible to rubber stamp a massive financial commitment when you don't have the data. So even though you're excited about the company's future, you might politely decline to vote because you're not in a position to opine in a truly informed way. However, let's be honest, abstaining on the day can also feel pretty uncomfortable.

It can feel like you're throwing cold water on the board's momentum. That's why another perspective suggested a softer mid-meeting intervention, asking the room to indulge you for just five or 10 minutes to give you high-level background, the pros, the cons, so you can at least try to make an informed decision.

While that sounds kind of reasonable in theory, in practice, I'm not sure that you could get anything in five to 10 minutes that, uh... Well, maybe I should speak for me. I'm not sure I could get anything in that five to 10 minutes that would give me the assurance that I need to vote for this sort of thing.

So then we turn to what actually seemed to be the kind of under-the-surface challenge. It's actually a massive red flag for the organisation. And the thinking here is that a surprise vote on a material acquisition isn't just a minor administrative oversight, it's a failure of board culture. The proper move under this lens is to pull the chair aside and ask to take the vote off the table until you've got buy-in.

Also, some organisations require a unanimous sign-off, which would put you in an incredibly difficult situation. Anyway, all round, it makes you question the board dynamic. One of the other things, one of the other rabbit holes perhaps that we went down, was a piece of nuance around corporate maturity. So a surprise like this doesn't always mean that management has bad intentions or they're trying to hide a skeleton in the closet.

It might be that in a fast-growing, privately held startup, that governance maturity is, well, might be lagging a bit, or it might be the right size governance for that type of organisation. They might just be all around moving fast and genuinely don't realize that every single director carries their independent legal duty to make an independently reasoned decision.

So what are some of the things we can do to protect ourselves from walking into this trap? What are the broader strategic takeaways for your board toolkit? I've got three principles

for you. One, you only get one shot at fresh eyes. You might recognize this. I've said it a few times before, so, uh, it is something that I strongly believe in.

In fact, I said it to just one of our new directors yesterday. So often n- new board members are told to sit back, hold tight, and listen and learn for the first three to six months. That is not my view. Do not follow that advice. You carry full fiduciary and legal duties from day one. And more importantly, your perspective is unclouded by the history, so you will see things that others in the boardroom don't see.

So from day one, speak up. Use your newcomer status as a strategic tool. And as one of the participants pointed out on the day, you might say something like, "Look, forgive me, since I'm new, this piece isn't fully making sense to me. Can you walk me through it?" You'll be shocked, maybe, maybe not, at how often more experienced board members or people who've been around the room for quite some time often don't fully understand it either, but we're too polite or too proud to ask.

My second takeaway, own your onboarding. Take control. Never assume a company has a flawless onboarding process. And if they don't provide one or if they're just providing you the login to Diligent or whichever board pack you are using, you might need to build your own. So Susan, she hosted and spoke at the event, so I'm able to use her name.

Susan highlighted a fantastic framework that she championed during her time at KPMG called Owing Your Own Onboarding. The moment you accept a seat, proactively request to look at the board portal, look at past board agendas and key decisions so you can map out the history. Also, look externally. Look at competitors, look at analyst reports, not just the curated positive ones.

Maybe look to the unscripted Q&A sessions at the end of AGMs or earning calls. Check employee sentiment on organisations like Glassdoor to see what the workforce is actually thinking, and set up Google alerts that talk about the organisation. Proactively reach out to other board members. Try and meet the chair before the first meeting.

Try and meet other board directors before the first board meeting and, you know, just try and work out what's on the horizon. Takeaway number three, you've all heard me mention this before as well, deploy the buddy system. Build those human relationships outside the formal boardroom so you can survive inside it.

Have a board buddy, maybe have an executive buddy, and if the company doesn't provide you with one, just ask for it or reach out. Pair up informally, maybe with a long-standing board member or a specific executive outside the meetings. This creates a safe, low-friction space to ask the stupid questions, they're often not stupid at all.

Understand the board politics, grasp the subtle nuances of how the CEO and the organisation and the boardroom operate. It hopefully ensures, probably minimises the chance of you being blindsided by a major agenda item because your buddy will have already given you an informal heads-up. So what does all this mean?

Look, at the end of the day, serving on a board isn't just about reading the finances, isn't just about reading the board papers. It's a masterclass in human psychology, alignment, and trust. So if you ever feel ambushed by a massive surprise vote at your first meeting, remember, you're not there to be a rubber stamp.

Lean into the fresh eyes, demand the context to fulfill your legal duties, and don't be afraid to pull the sidebar break with the chair. A huge thank you to the Pioneering Collective for hosting this and other events. For those of us in Australia, we have to get up a bit early to attend. Well, 7:30 AM, it's not that early.

It's not the middle of the night, but a great way to just pull apart some of these challenges and opportunities and, you know, difficulties that we experience. So I'll make sure there is a link to them in the show notes as well. I'll also say, uh, just this week I attended, just yesterday I attended the Australian Institute of Company Directors Biggest Boardroom session as well, which also ran through a bit of a scenario where the board, shall we say, got a bit of a surprise from the CEO, and I think all of these learnings would apply to that as well.

So folks, um, these sorts of events where you get to play with scenarios, incredibly useful. So that's it for today's solo episode of Take on Board. Until next time, thanks for listening. Keep asking the tough questions, and we'll see you next week for another episode of Take on Board. So that's a wrap for the Take on Board podcast today.

Thank you for being here and for being part of the community. I do this podcast because I love bringing good women and gender diverse peoples together. So I invite you to join us over in the Take on Board Facebook group, an active group that helps, supports, and cheer squads each other. Just search Take on Board in Facebook to find us.

Or you might like to let me know your email address, and you'll then have the Take on Board Times and the Take on Board Community Digest delivered straight to your inbox. You'll also get advance notice of events and programs so you can meet others in the community. Finally, I'd really love it if you could do some of the podcast favs.

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