



Achieving True Dialogue in the Boardroom

Ted Coonfield
Director
Kitty Hawk, Inc.

Lynne O'Shea
DePaul
University

Barry Spiker
Miami
University

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Boards need good communication—whether around a mahogany table or in digital space.

At a recent board meeting, a normally quiet member finally stood up and blurted out, “We need to leave our egos at the door!” After the laughter died down, another board member urged directors to take this comment to heart. In the strategic planning session later that day, conversation turned to what expectations directors had of one another, and directors codified their shared values in a plan, later adding them to their by-laws. Prodded by the call for an ego-less day, these board members had their first meaningful dialogue despite having worked together as a board for years. In our view, all directors can learn from this example.

The Key Function of a Board: Communication

Board membership is all about communication. After all, board deliberations are done almost exclusively by sharing information, both in-person and electronically.

But who is really trained for this communicative role? Most board members have expertise as attorneys, accountants, engineers, doctors, or specialists in various functions, industries, or other fields. Few have formal education in the central function of board membership—communication. It is communication that:

- ▶ demands and includes an understanding of the issues
- ▶ requires the clarification of roles and responsibilities
- ▶ creates new outcomes when there is conflict
- ▶ assists in negotiation
- ▶ involves everyone’s skills and perspectives, and builds consensus

▶ frames the discussions to make the best policy and strategic decisions possible, and

▶ ensures “implementable” decisions.

The quality of the board’s information flow and dialogue determines its effectiveness. Jerre Stead, recently retired CEO and chairman of Ingram-Micro, echoed this notion in an e-mail,

“When in the boardroom, open, honest, candid, and caring discussions are the only way to ensure success. Board members carry a huge responsibility helped by sharing and listening to fellow members. This behavior will provide the best platform for making the right decisions.”

What is Dialogue?

Dialogue is different from debate, discussion, and deliberation—all communicative modes common in board meetings. Dialogue does not just mean a conversation between two people (as in dyad). Rather it stems from the Greek roots of dia, meaning “through,” and logos being “word or meaning.”

Daniel Yankelovich has come closest to describing dialogue and its role in board meetings as anyone to date in *The Magic of Dialogue: Transforming Conflict into Cooperation*, based on his involvement in about 20 boards.

Yankelovich says that there are three requirements for effective dialogue:

▶ Addressing with equity: All participants are treated as equals.

▶ Listening with empathy: Opinions are listened to and respected.

▶ Surfacing assumptions without judgment: Unexamined assumptions harbor misunderstandings and error.

Egos are big filters, and the bigger the ego the thicker the filter, so to have the benefits of dialogue in board meetings we must “leave our egos at the door.” Without at least the beginnings of true dialogue, boards will fall into a number of traps, including:

- ▶ agendas so structured and information sharing so intense there is no time for questions or conversation
- ▶ board members stuck on pet topics at the exclusion of other more pressing ones
- ▶ accusations, blame, threats, obfuscations, hidden agendas, swearing tirades, and outright sabotage
- ▶ reticent participation because of perceived and/or real intimidation
- ▶ members who are there for the glory, glamour, and compensation
- ▶ the misuse of data, the distortion of information, sins of factual omission, and the wrongful quoting of statistics and financial figures

**DIRECTOR
SUMMARY**

Communication is a key board function. True communication requires dialogue. Here are several checklists for achieving this in the boardroom. ▶

Board meetings conducted by teleconferencing or by videoconferencing are becoming more and more commonplace.

▶ shouting matches, talking over others, stomping out of the room, telling others they are “flat-out wrong,” and childish pouting

▶ decisions made based on who is in charge, or who has the power, with a strict adherence to the power pecking order, and/or

▶ boards falling prey to “group think,” deluding themselves with tacit agreement and going along with others down the wrong paths.

Some misguided communication patterns in groups can be laid at the doorstep of individual differences. In fact, much has been written in psychological literature concerning people’s operating style, personality types, and countless other personality paradigms and different approaches to problem solving. But differences alone do not account for the quality of communication. Rather, it is the board members’ ability to use dialogue.

Yankelovich has observed that boards are a “superb mechanism for conducting dialogue.” Although boards have information beyond what the public can access, he says that dialogue, not information, is the key to their success.

“ In the crunch, on issues that really count, where the future of the institution is at stake (the kinds of issues with which boards are supposed to concern themselves), it is dialogue rather than factual analysis that most engages board members and shapes their judgments. ”

In his experience, the quality of these judgments depends on board members’ “skill in dialogue.”

Dialogue in the Real World

Michael Dell, in an interview in the 1999 summer issue of *Corporate Board Member* magazine was asked the ques-

tion, “Have you ever felt your board was getting in your way?” He responded:

“ Our directors are certainly very willing to point out when they think something may not have been done in the way it should have been or when they see an opportunity we haven’t exercised. Sometimes we don’t agree. But that’s the stuff of improvement and dialogue and learning. ”

To best serve the interests of the organization, board members must emphasize information and understanding as much as they advocate their position. Gradually, everyone can understand the issues and each other’s point of view. Everyone may not arrive at the same recommendation, but the process of listening to others’ opinions enhances the decision-making process.

One template particularly helpful in dialogue is the one that identifies individuals as those seeking *meaning*, *feelings*, or *action*. After the terrorist attacks on September 11, the media reports were filled with interviews, surveys, and experts’ analysis. People’s responses typically revolved around one of three major themes of meaning, action, or feeling. Many times in the interviews the question was asked, “What does all this mean?”

▶ The people seeking meaning are the ones who sought answers in books, were glued to news reports, and attended public education forums.

▶ People prone to action and change had reactions usually focused on our “response” or retaliation, or what can be done domestically to prohibit further attacks.

▶ The language of feeling was demonstrated in the expression of our heartfelt sympathies for those killed and their families, and the emergency workers and their heroic actions.

All these responses were witnesses to the same events, but each dramatically different. These perspectives play out in boardrooms as well.

William Isaacs notes in *Dialogue and the Art of Thinking Together* that “people speaking the language of feeling tend to be discounted by people who speak the language of action” and vice versa.

“Asking people to reflect about the meaning of things can often evoke the reaction that you are being too intellectual. And asking questions about how to take action may feel premature to those communicating via the language of feeling or meaning.”

Dialogue via Technology

Research by NACD and others over the years indicates a steady increase in the number of times boards and committees are meeting, as well as a rise in the number of hours directors devote to board service. Increasingly, boards will have to meet on the phone and online.

Board or board committee meetings conducted by teleconferencing or by videoconferencing are becoming more and more commonplace. Robert Goldstein, a partner at the Chicago-based law firm of Levenfeld Pearlstein, believes that this trend will only accelerate as boards increasingly draw on member resources across the nation and globally, especially in light of today’s travel and security concerns.

Most people, even lawyers, understand that law always lags behind technology—or, in other words, that technology outpaces what the law allows. If a board is not using some digital meeting tools now, chances are good that it might in the future. Learning how dialogue shapes communications in e-space, and in the boardroom, is a first step.

Legal Issues

Is a technologically enabled meeting considered a “meeting” for legal purposes? The answer is (of course) check with your legal counsel first, but it is also likely to be a “yes.” The American Bar Association’s Model Business Corporation Act, Article 43, describes how a corporation can hold an official “meeting” via enhanced technology:

“ Except as may be otherwise restricted by the articles of incorporation or by-laws, members of the board of directors or any committee designated thereby may participate in a meeting of such board or committee by means of a conference telephone or

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similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting. ”

Board “Chat”?

Does this logically progress to the idea that boards or board committees may someday meet in a common “chat room” where all are present? Or that they may “hear” each other (at least metaphorically) as they type instant messages back and forth? Will board meetings ever be held “online”? And if this were to happen, would the last shreds of communication via dialogue be lost? Boards have long understood the great time and cost savings of the Internet in terms of sending advance documents and materials for meeting preparation, or for sending follow-up records. But cyberspace may, at some future time, become a meeting place, and the rules of dialogue will need to exist there, as well.

Dialogue via E-Mail

In any event, dialogue via e-mail is already occurring. This has a downside. Negative or angry comments are easier to write in an e-mail than they are to say, and e-mail has a tendency to get passed along, and passed along, and passed along, spiraling the anger higher and higher. One (non-profit) California organization was plunged into conflict as board members accused each another of inappropriate practices. With firmness,

the board chairman declared a three-week ban on all e-mail between board members. They were not to send each other e-mail, nor were they to read any that was sent to them. By forestalling hastily written messages, the ban defused the situation and, at the next meeting, people were ready to try working together again.

The question of using communications technology for “digital dialogue” comes down to, in the end, two factors: cost-efficiency and trust.

Cost Efficiency. An argument can certainly be made that it is more efficient to talk in real time via a phone conference than it is to have to type comments in a chat room. (And particularly so, considering the average age of most directors, who came into their prime before the advent of the Internet.) However, that conclusion may not hold true for some large boards, or large working board committees. When there are dozens of people trying to meet at the same time, a conference call can be pandemonium. In that situation, when numbers dictate, an online chat room might be more cost-effective and actually more efficient, as might be a meeting held on a VPN (virtual private network), or using collaborative work software.

Trust. One critical element of dialogue is the aura of trust a person projects. A board consisting of members who do not trust each other is an ineffectual board. In the digital world trust is, ironically enough, often more easy to come by than it is in the real world. For instance, there are a number of ways to sign e-mails so that the recipient will know who sent them and whether they have been modified after they were signed—a more secure situation, often, than with signed paper documents. E-mail may therefore be an entirely appropriate and private method for voting, particularly during a teleconference or a video conference call.

Learning to Create Dialogue

What can help boards of directors develop a practice of dialogue?

One of us served on a board where the chairman/CEO had a difficult time understanding how to use his board

effectively to the benefit of the company, and create value. It got so bad that two members had prepared letters of resignation to bring to the quarterly meeting. Knowing this, we outlined several action items in a memo for the chairman, including appropriate apologies and suggesting several commitments he would have to make to maintain the morale and membership of the board, and then gave him the memo as we all boarded the corporate jet for the meeting.

The chairman did not have any questions after reading the recommendations, but from his expression, it was obvious there was much he did not agree with. The board meeting began heavily, shrouded in mystery—although most board members were aware of the action items that had been suggested.

After dispensing of routine business items, the chairman breathed deeply, and then his voice and body language shifted. He stated clearly the changes he wanted in the board meetings, and the actions he would take concerning insurance and other issues important to the board members. Then, he apologized for his shortcomings in the role of chairman.

What happened next was beyond information sharing and board discussions. It was the magic transformation into dialogue, and represented the most direct communication that had ever transpired with that board. Constructive criticism, demonstrative support, and admissions of shortcomings flowed forth, with the real benefit being healing, and a new ability to begin moving together, in the same direction, as a decision-making entity.

The two board members told the stories which had led to writing letters of resignation, and their concerns were listened to, questions asked, and actions suggested. It was a discussion of equals, with empathy and suspended judgment.

That meeting revealed essential elements of dialogue, as described by William Isaacs. Isaacs writes that dialogue is typified by the behaviors of listening, respecting, suspending, and voicing.

► *Listening* is an investment in learning that is the first step in overcoming the differences board members bring to the table.

The board needs to approach problem-solving from a common ground, where directors can confidently share ideas, and both get and give feedback.

► *Respecting* is moving beyond surface understanding of others to interacting with people in their complexity and wholeness. It moves beyond stereotyping, frozen perceptions, and role definitions of others. Board members listen enough to learn, honor their boundaries, and ignore distractions from themselves and the environment long enough to focus on the other board members, what they have to say, and what they have to offer.

► *Suspending* means surfacing assumptions without judgment.

► *Voicing* means learning what needs to be expressed and when is it most important to express it.

These four attitudes that promote dialogue have been evident digitally for decades in the academic world via “listservs,” where academics from around the country can share thoughts, ideas, and (often) frustrations. Two of the better known listservs that explore board topics are boards@charitychannel.com, which focuses on nonprofit boards and governance topics, and governance-APS@publisher.ssrn.com, an exchange for paper abstracts covering governance, corporate control, and organization, and has more than 2,500 subscribers. NACD has an online forum, restricted to members, chaired by former NACD chairman Thomas Horton.

Putting Dialogue into Action

Much of dialogue, both in the physical world and the online virtual world, is common sense. It is “real” communication, plain decency to others, and it encompasses best practices from fields such as mediation, conflict resolution,

therapeutic communication, and psychology. Yet it is practical enough to be the hallmark of every chairman, every board member, and every executive who is involved in business relationships. It may require reading, attending classes, or seeking consultation. It certainly requires being aware of how to create an atmosphere and environment that engenders dialogue in decision-making situations.

The call today is for a board that can (within its time and research limitations) more directly “add value” to corporate strategy and corporate diligence. This will best happen when the board approaches problem-solving from a common ground—where directors can confidently share ideas, and both get and give feedback.

Boards do not exist to serve themselves, but rather to serve the success of the company and its various stakeholders. Dialogue in the boardroom and throughout the organization provides the path to this success—the path to walk after having left your ego at the door. ►

Ted Coonfield, a management consultant, served on the board of *Kitty Hawk, Inc.*, and is active in local non-profits where he lives in Portland, Oregon. He can be reached at tcoonfield@attbi.com.

Lynne O’Shea, Ph.D. and professor of e-business at the Kellstadt Graduate School of Business, DePaul University, Chicago, has been a member of more than 20 different corporate, charitable, and civic boards, and served as co-chairman of the President’s Glass Ceiling Commission in the mid-1990s. She is also a management consultant for A.T.Kearney’s Enterprise Services Transformation practice, and can be reached at lynne.o’shea@atkearney.com.

Barry Spiker, Ph.D., of Cape Cod, Massachusetts, and Oxford, Ohio, is the Herbert E. Markley visiting professor of management at the Richard T. Farmer School of Business Administration, Miami (Ohio) University. He is the author of numerous books and articles and can be reached at spikerbk@muohio.edu.

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