

The role of independents is to challenge

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Author alerts 

Remind the executive who you represent

The former General Motors chairman, Alfred P Sloan, who died in 1966, once asked his board of directors whether they were all agreed on a course of action. They said they were. So Mr Sloan asked them to go away and find something they could disagree about. He wanted a proper discussion before moving on.

The Sloan story is quoted by Gerry Brown in his forthcoming book *The Independent Director: the non-executive director's guide to effective board presence*. Mr Brown is an experienced director who has sat on or chaired many boards, and his book draws on his varied experience to offer advice to aspiring board directors.

He prefers the term “independent” to “non-executive” because it conveys a clearer sense of the purpose of the role. Several of the book’s top tips are interesting, but Mr Brown’s thoughts on the business of “challenge” — that is, questioning and disagreeing — are the most insightful.

“As an independent director, it is important to remember why you are there,” he says. “Your role is to represent the shareholders.

“Part of your task is to remind the executive of those interests . . . Don’t hide your views because you don’t want to disagree with your colleagues and friends.

“Your responsibility is not to them; it is to the company and its investors.”

This is tricky territory. Too much disagreement in the boardroom is disruptive and counterproductive, but too little is dangerous.

Even when colleagues agree on the facts, they may not share the same interpretation of them. Personalities, emotion and subjectivity play a part.

This means things are not always easy. Cassandras are rarely popular. Mr Brown notes: “When independents assert their independence, there is a danger that an ‘us and them’ atmosphere can develop.”

Mr Brown’s view is sensible. “Board members must feel free to discuss their differences of opinion, albeit in a civilised and respectful way,” he writes.

He says: “When things are happening that you think are wrong, then you have to speak up. But this has to be done carefully and diplomatically. You cannot simply go into the first meeting and start telling people they have got it wrong; you have to get to know the business first.”

In the end, there may be limits to what you can achieve. Nonetheless, “it remains the job of the independent director to challenge the executive, to push and stretch them, so that the company does not end up trapped in the same old ways of doing things.”

Make the executives think about things they do not normally think about, as one colleague tells the author.

Of course, this does not all have to happen during the board meeting itself. “I have found that quiet conversations can be very effective,” Mr Brown says.