

5 Characteristics of a Good Boardroom Discussion

How do you and your board discuss and debate important business, investment and strategic issues? Do they provide help and support or do discussions become dysfunctional and perhaps counterproductive?

Recently, I've been involved in a series of critical board discussions including the sale of one company, survival of another and how best to raise capital for a third. Each of these issues affected valuation and optimally positioning the company for the future. Each issue also provided the potential for very stressful and intense discussions.

Behavior Changes Under Stress

When important issues like these arise, they can tax the normally collegial behaviors. Specifically, when under pressure, boardroom discussions can be very stressful and sometimes even become nasty.

In each of the cases I described above, the discussions were collegial, thoughtful and all resulted in good business decisions. Considering the gravity of the issues and the potential for a bad outcome, here are my observations on the five things that each board did correctly.

1. Strong board leadership encouraged active involvement by each director and kept discussions focused.
2. Each director was actively engaged and listened carefully and openly to the comments by the other directors.
3. Discussions were based on facts rather than subjective or anecdotal opinions.
4. Ethics and respectful behavior were maintained at all times-even when there was significant disagreement.
5. All directors put the interest of the company first rather than any personal interests.

How Does Your Board Handle The Tough Issues?

Many boards violate one or more of these 5 characteristics in times of stress and difficult decisions. Think about recent difficult decisions you've discussed with your board. What was the dynamic? How good was the quality of the discussion? If previous discussions didn't go so well, what are you doing about it before the next stressful issue arises?