

THE ART OF BEING A GOOD INFLUENCER

By Andy Davies

EARN THE RIGHT TO ASK THE TOUGH QUESTIONS

Decision-making, whether it's in the boardroom or when recruiting top talent, plays an indispensable role in businesses today, especially as many organisations look to transform digitally, capitalise on fast-evolving markets and answer a growing ESG agenda. Let's face it, corporate resilience and agility is increasingly dependent on the quality and timeliness of the decisions that CEOs, Chairs and boards make.

Our own research with FT Longitude¹ of the Financial Times Group found that the effectiveness of company leadership was the most influential factor when it came to driving improvements to organisational decision-making, ahead of commonly-cited factors like data, processes and technology. Yet decision-making experience, as a skill, fine-tuned down the years, is an attribute that rarely receives the attention it deserves, whether it is in the context of selecting executive teams or questioning whether effective choices are being made at boardroom level.

This is where non-executive directors (non-execs) come into their own. By focusing on decision making as both a hard and a soft skill, non-execs can have a profound influence on business outcomes.

Before joining a company, it's advisable for non-execs to explore the decision-making culture and ask whether its broader importance is acknowledged and understood. Is the organisation intentional about the kind of decision-making culture it fosters? How does it impact the norms of the board and the way board decisions are arrived at? And for a non-exec to make a real impact, it's also important to consider the decision-making culture of the business and whether or not it synchronises with their own decision and communication styles.

Once in the role, non-execs must do their groundwork first. As one seasoned FTSE Chair said: 'no executive I've ever met is going to respond well to being challenged, however constructive it is, unless that non-exec has demonstrated that they're invested in the company first'. This involves understanding the business model, speaking to members of staff and taking time to visit operational sites. Once they've done that, and demonstrated an in-depth knowledge, then they've earned the right to engage in this process. Trust and mutual respect must also be built quickly.

The same Chair gave two examples. The bad one was where a non-exec arrived at their first meeting and felt that they had to prove themselves by asking lots of questions about how decisions were made. This was not well received by senior management or board members.

1. <https://www.kingsleygate.com/insights/whitepaper/bad-decisions-why-companies-miss-the-most-important-factor-in-executive-hiring/>

IT'S THE PROCESS THAT MATTERS

Conversely, there was another non-exec who didn't really quiz the board until they were six months in. But when they did ask a question, it was the best question that year. It was based on the non-exec not only listening during previous board meetings, but also spending time with executives and conducting countless site visits.

Once on board there will also be the opportunity to question whether or not the company is fostering a decision-making culture that is best suited to its objectives and strategy. It may also be possible to influence factors such as how much discussion is taking place before a vote or the speed of decision-making.

Let's not forget that the majority of non-execs have been executives themselves and are used to dominating the decision-making arena. Yet as a non-exec, one's contribution to a business has to be both measured and rationed.

A 'nose in, hands off' approach is best, where the non-exec thinks carefully about how they minimise their intervention, yet maximise their impact, especially on the topic of decision-making. Be aware, however, that as a non-exec, questioning top executives' decision-making styles is something to be handled sensitively. But get it right and you can make a real difference.

Having sufficient emotional intelligence as a non-exec and knowing when to intervene, or not as the case may be, is crucial. So is being constructive, rather than combative. It helps to take a forward-facing approach and focus on corporate strategy, questioning the choices the board makes around the company's future and where it is heading.

The right approach involves interrogating the decision-making process, and how decisions are made rather than questioning the outcomes. As an example, non-execs on a nominations committee and involved in the recruitment process can help to ensure that the board is aligned on their hiring criteria, even whilst it cannot be directly involved in the decision.

Also, it's important to recognise that there's a balance to be made between the collegiate decisions that a board needs to make as a group, and the right as a non-exec to be independent, question accordingly, and not be swayed by the collective. It is vital to stay true to your principles. However, no non-exec should lose sight of the key objective which is to reach decisions together and get management buy-in.

The consistent message from a number of non-execs and Chairs I have spoken to is that as a non-exec, if you're asking a question and you know the answer, your job is not to provide the answers, but to help top management reach their own conclusions. It's the journey that counts. That's the key to being an effective non-exec influencer.

