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IN BRIEF

Often, it is the CEO's inability to energize and excite the Board that makes them mere passengers in the bus

Recently, a member of the Board of a large company told me that a Board member is like a passenger in a bus of which the CEO is the driver. Startled by this, I asked him 'why he felt so?' He narrated that the key role of a CEO is to drive the company and if he does not engage the Directors and use their expertise, they are as good as passengers in a bus. The metaphor of the passenger used for Directors is not without significance.

Apart from providing leadership to the management team, the CEOs (whether they are designated as Chairman or Managing Director) are also expected to provide leadership to the Board. In my professional life, I have come across some companies, even with celebrated individuals on the Board, languishing for performance. A deeper analysis reveals that where the CEO is not able to engage the Board and use the expertise of the individual Directors, the company may be on the course to decline. Whenever a company does not perform, we tend to attribute it to market forces, competition and even lack of motivation in employees. We tend to ignore that the decline has possibly set in because of the disengaged Board.

A synergistic Board, where the CEO builds a symbiotic partnership with the Board, is possibly what every stakeholder expects from the company's leadership structure.

As a member of the Board of some companies, I could discern that effective CEOs always endeavor to discuss long-term issues like vision for the future, technology, customer centric innovations, economic environment, strategies of the competitors for business growth, capability gaps, leadership and succession issue, analysts' reports on the company, etc. They are able to seek the Board's ideas, inputs and perspectives on many of the qualitative issues including soft issues. Their keenness and enthusiasm to discover and get the best out of the talent in the Board is widely known. Contrary to this, an ineffective leader keeps the Board busy and occupied with compliance related issues or for rubber stamping decisions.

It is said that a Board is as effective as its CEO or more aptly, as the CEO wants it or allows it to be. How the CEO walks an extra mile and proactively takes the initiative to encash on the specialist knowledge and expertise of its members, how truly he bares his chest on the serious problems confronting the company, how



# BOARD LEADERSHIP

A CEO's leadership in steering the Board or the lack of it, is a strong influence in the long-term success of the organization

by **Dr. Anil K. Khandelwal**

does he balance between certain unethical practices prevalent in the industry and his own company's ethos and value systems, will all be testing a CEO's nerves. He can initiate a few open-ended knowledge sessions involving agenda less discussions, raising and seeking to find collective answers to the most fundamental questions concerning his business. In such sessions, he can bring in industry experts or domain specialists to share their perspectives and influence the thinking of the Board.

It is extremely crucial for a CEO to understand the power structure within the Board and strive towards building cohesion. Personal chemistry between the CEO and the Board is a key factor contributing to the overall effectiveness of an organization. Different Board members have different orientation and it is necessary for the CEO to help them see the larger picture.

In March 2005, when I took over as CMD of Bank of Baroda, the analysts' reports adversely commented on the Bank's performance and especially about its poor credit growth (at 2% against growth of other PSBs ranging from 25 to 30 percent). The Bank also lagged behind in implementation of technology compared to its peer banks and the ranking of the Bank and its market share had fallen considerably.

We had some eminent people as Board members who brought special expertise from their respective fields. I had several one-to-one sessions with some of the Directors to understand their perspectives on a turnaround strategy for the bank. The Directors readily agreed to spend 2 full days to discuss strategies to leapfrog the bank to new growth levels through planned transformational programs. We invited late Dr. Udai Pareek, a well-known HR/OD academician, to attend the Board meeting and help in processing multiple view points to give us a distilled view of the discussions. This meeting, where the Directors shared their views about the problems in various functional areas laid the foundation for the new vision of the Bank. Subsequently, it also helped us in getting the Board's nod on some critical issues to transform the vision into action.

Vinod Rai (currently CAG) - a Masters in Public Administration from Harvard University - always helped the Board to see the bigger picture with emphasis on the role of the bank in promoting development of social sectors. Pradip Khandwala, former Director,

IIM Ahmedabad and an expert in organizational behavior helped us finalize the consultants for business strategy and HR. As member of the steering committee on HR, his contribution to the deliberations in framing a long-term HR strategy in the context of the transformation program was valuable. His knowledge and expertise in the area of management helped in triggering insightful discussions in the Board.

Another Director, Dr. Deepak Phatak, Professor of IT at IIT, Mumbai gave us immense confidence in handling the vital project on 'Core Banking' as none in the management had the technical expertise of handling a technology project of this size and scale.


Much of our success in developing a new identity for the Bank and achieving extra ordinary business results was attrib-

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utable to an engaged Board who passionately guided the Bank during its journey of transformation.

In modern corporations operating in a global environment, the CEO has to keep the Board on centre-stage and provide leadership to energize, excite and engage the Board members.

The CEO is a strategic individual and a Board is always as effective as the CEO. Leadership of CEO or lack of it can influence the long-term success of the organization.

Finally, it all boils down to the reality that some potential leaders may be best qualified for a CEO role on paper on the basis of their academic qualifications and result orientation. But lack of specific leadership skills in mobilizing human effort, absence of a long-term vision and team building abilities may not qualify them for a CEO role more so when the role at the top is to mobilize the energies of the Board as well as that of the management team. Leadership grooming for CEO position is a serious business that requires rigor and vision at the top. 

**Dr. Anil K. Khandelwal** is an HR professional who made it to CEO of Bank of Baroda (BOB), a staid large public sector bank and turned it out in a short tenure of 3 years. His book *Dare to Lead* (Sage 2011) captures his experience of the turnaround. Dr. Anil Khandelwal can be contacted at [akk1948@gmail.com](mailto:akk1948@gmail.com)