

BOARD-BRAINED

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Introduction

It was the end of Spring 2018 at my home in Chennai, when I received a call from the chairman of an East European Technology major. We had known each other for some time now, as he had hired me as a coach to address a thoughtful challenge he was grappling with many years ago. This time was no different. The company had just completed the board evaluation and had tabled the recommendation which featured major gaps in the way the board member strengths were not being fully utilised. As the Board Chair, he was struggling to bring alignment with each and every member of the board, but always fell short on his own expectations from an effective board standpoint. He finally decided to address the concern into two separate agendas. First, he vowed to personally mentor his young directors to get firmly grounded in the firm's legacy and values, and secondly, he decided to take my support to coach the board in a way they are able to offer perspectives deep into the future and be relevant with their own concept of risk. By then it was evident, both of us were addressing a gap termed "Visioning Capabilities" that was the carcinogen on the tabled Evaluation Report.

Insuring the Organisation's future

Sharp Visioning Capabilities were / is / will always be one of the prerequisites to become a star board member. Board Development specialists scrutinise prospective talent in the zones of Pivot, Sweep and Depth of this skill to test compatibility in a board setting.

- **Pivot -**
- What's the source of resource that the prospective / serving director is tapping for his visioning exercise ?
- Is he displaying a relapse towards **hindsight**, a quest into **Insight**, or a leap of faith into **foresight** (H/I/F) ?
- **Sweep -**
- Is the talent proficient in utilising all three mental models [Hindsight (H) / Insight (I) / Foresight (F)] to make a sizable contribution on the board table ?
- **Depth -**
- What has the 'Director 360' captured in the areas of strength and weakness towards individual visioning capabilities.



- Do Coaches need to partner with individual directors to stretch their limits with reference to H / I / F neural pathways

H/I/F: A cognitive dialect for decision making

The most seminal work in the evolution of the vertebrate forebrain was propounded by the American researcher Paul D. MacLean in 1960. But this work gained public glory only when his book *The Triune Brain in Evolution* was published nearly three decades after he propounded his work. The book may not be an accurate depiction of our human brain and its evolution. But the idea of the three brains (Reptilian Complex, Limbic Complex and **Neocortex**) represent a useful resource to understand Board Member Performance and how they play-out across corporate boardrooms. As we are focusing on Visioning Capabilities, it is all the more important to put the spotlight on the Neocortex.

Also called the Neomammalian Brain, it represents the outermost part of the Triune Brain Image. Though it is a part of the entire Human Brain Construct, its core responsibilities have been clearly defined as providing

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Hindsight, Insight or Foresight to its owner. Keeping this anatomy as a reference, board leaders should be fully aware of the true source of Visioning in their directorial team. If a highly-credentialed director is unable to exhibit Foresight, it is the re-wiring of his Neocortex that needs to be suitably addressed.

What actually is Hindsight / Insight / Foresight ?

Hindsight :

Cambridge tells us that Hindsight is the ability to understand an event or situation only after it has happened. Corporate history does this magnificent role of tapping into events and happenings that have played Saint Helena to many corporations. It has also helped many to flourish. The Deepwater Horizon Oil Spill in the summer of 2010 will always remain on the hindsight for any board that operates in the oil E&P Industry. The calamitous damage to the ultra deep water rig along with the loss of 11 members of its crew can never be forgotten. So is the catastrophic ravage of the environment caused due to the oil spill that costed the energy giant multibillion dollar bills that still haunt its boardroom. Board member contribution towards hindsight could happen either has a recollection of what has already happened or a comparative contrast of past events within the present context.

Directors who are good at hindsight bring in a special value of descriptive recall that could be very important in the strategy vetting phase. Above all, their contribution to the group-think, come with accurate, apolitical observational skills. Their ability to weave a narrative with past events is very convincing on the table. My coaching years have taught me, that a director with a strong hindsight paradigm is the best facilitator to make the board understand what has actually happened, not with the recollection of facts alone, but also reflection from actions.

Insight :

The co-founder of the London School of Economics, Graham Wallas published a fascinating peep into the world of thinking in 1926. His work was fittingly called *The Art Of Thought*, in which he described the four stages of insight as **Preparation, Incubation, The flash of illumination**, and **Verification**. This model of Insight tried to explain how people make discoveries that get them past impasses. At sixty eight, Sir Graham did not realise that he had just scraped the surface of the curious world of insights. Over the years 'Insight' emerged as a dominant study stream that further split it into three avatars:

1. Discoveries that get them past impasses.
2. Troubling anomalies that lead to Spot Contradictions.
3. Nailing a Connection.

Encountering these avatars in the boardroom may not surprise

us. Few quarters ago, I was coaching a client who was keen in bringing more women into the factory floor. The company had worked out detailed strategies that could encourage talented young women engineers to opt for becoming plant managers. But after a year, all these strategies fell flat. The freshly minted women talent left their jobs, one after another. It was a non-routine visit to one of its plants, when my client (then a lead director) discovered that the company had not procured safety accessories that came in smaller sizes, apt for Asian women managers. This discovery led him to another revelation that no separate washrooms were provided for their female staff. The non-routine plant visit turned out to be very insightful for the board member and their executive partners to rework on resource allocation to encourage gender participation.

One thing to be clear while leaning on the strength of insight generators, are that no one could be an expert in all the three types of insight generating avatars. Making connections could be a potent tool for one director, and spotting contradictions could be a gift for another. But these gaps could be bridged by either providing critical information to directors or challenging flawed beliefs that could be an eye opener even to an experienced hand.

Insightful board members can be helpful in discovering important misgivings of the executive function. They are very tuned to market signals and bring diagnostic expertise to boardroom conversations. This kind of talent can explain why events occurred as they are proficient at detecting patterns and trends. They are the best resource that could re-examine conventional wisdom and challenge the status quo.

Foresight :

Myopic Temporal Discounting, was an economic term I learnt during my sophomore years at Grad-School. But the true gravitas of this lesson showed up while working on a Client Engagement.

The client was a director of a company that was a regional leader in its business. But just because its digital footprint was very limited, the board always took conservative views in their IT Spend. The company had even extinguished the CTO function and relegated it to a Senior Vice President (IT) role reporting directly to the CEO's office. During a Board Optimisation assignment, I realised that Cyber Security was never an agenda item in any of the board meetings. I voiced my observation to my client, only to get a scary response- "**Only a fool would sabotage our IT infrastructure**".

But as a coach, instant refutation was what I was paid for, hence my backlash was quick and ruthless- "**Did you ever have such an Infrastructure in the first place**"

On deeper enquiry, it was evident that, not just my client, but the entire board was subject to the state of MTD (Myopic Temporal

Discounting). Recalling my professor who was so candid when he said- "Foresight is not designed for agents who are unable to think carefully about an intertemporal trade-off. They traditionally exhibit more discounting due to a cognitive overload."

Being a Foresights practitioner myself and also a member of the Association of Professional Futurist, I have been an ambassador of disciplined foresight focused board-work. My practice years have revealed a few basic patterns in a true foresight talent. And all these patterns traditionally sign-off the ability to exhibit less discounting -

- **Pattern I** : A management which is trained in the use of foresight tools like 3 horizon, Casual Layered Analysis etc., always exhibit less discounting.
- **Pattern II** : A board with a depth in domain-relevant experience always exhibit less discounting.
- **Pattern III** : Directors who are encouraged to spend more time thinking about an intertemporal trade-off exhibit less discounting.

Foresight is our ability to accurately predict future outcomes. It is in a distant term, "big picture" view of how certain events will unfold over a defined timeline and how we can act to influence certain outcomes in our lives.

One thing is for sure; the boards of all companies will be tested over the next 8-10 years as they try to understand and plan for an environment that contains a plethora of uncertainties which include, the Future of the Euro, Geopolitical Shift to the East, Rise of crypto assets, Era after oil, and Unprecedented climate change. Hence, turning a blind eye to this rare competency of Foresight could be a death knell for corporations.

As advocates of building great boards, we need to decide right now – "Does our company need a Board That Monitors or a Board that Leads. Because..."

"Boards That Monitor do a beguiling job of Providing Oversight. But Boards That Lead would have to do an astoundingly creative job of synthesising Hindsight, Insight & Foresight"

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