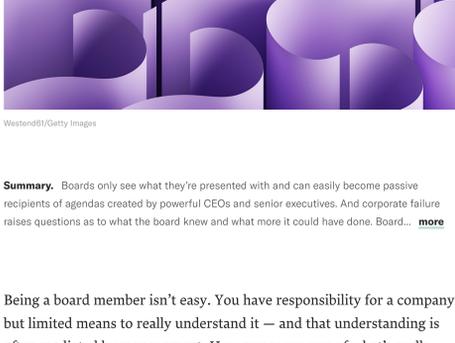


Corporate Governance

10 Proactive Questions Every Board Member Should Be Asking

by Andrew White, Tazim Essani, and Eric Wilkinson

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Summary. Boards only see what they're presented with and can easily become passive recipients of agendas created by powerful CEOs and senior executives. And corporate failure raises questions as to what the board knew and what more it could have done. Board... [more](#)

Being a board member isn't easy. You have responsibility for a company but limited means to really understand it — and that understanding is often mediated by management. How aware are you of what's really happening in the company you're responsible for governing? What did board members at Boeing, Carrillion, Wirecard, and Theranos know about the problems on the horizon before those companies experienced their existential crises?

Corporate failure raises questions as to what the board knew and what more it could have done. You're expected to take responsibility, despite not being a day-to-day decision maker. Then you have to live with the personal reputational consequences.

Boards only see what they're presented with and can easily become passive recipients of agendas created by powerful CEOs and senior executives. But board members can play a transformational role in a company by asking questions that create a space for deep reflection and strategic change — not just responding to what the executive presents and then stepping in to deal with a crisis when things become difficult.

The 10 questions below, informed by our consulting work and experience as board members and executive coaches, can enable boards to change from passive to active and from reactive to transformational. These questions may not make you popular, and it may take some time to create a new normal concerning how the board operates, but they can enable change at the level of individual board members and the board as a whole.

The questions can be used with either the entire board and executive present or in a closed session of the board without the executive. You can also pose them to individual executives or groups of them and ask them to reflect, respond, and provide feedback to the board. The key is to have an open mind, be curious, and ask lots of questions to understand the context, risks, challenges, and opportunities the company is facing.

If you designed the agenda, what would be on it? The executive often sets the agenda, and your job is to read the papers and ask questions, which makes it easy to fall into the trap of being passive. Having the board — not executives — set agenda items is a critical part of leading and being proactive. Arrange a time to meet with other board members without the executive present so you can start the conversation that will lead to you setting your agenda.

What is the executive not telling you that you feel you need to know? Creating an environment in which executives feel comfortable speaking up is crucial here, as is noticing how often they bring difficult and challenging situations and questions to you. A lack of these might suggest that things are being hidden and not brought to your attention.

The challenge here is to normalize tough conversations and allow the executive to reduce their guard without feeling threatened. Having topics on the board agenda framed as open questions (like the ones in this article) can enable this, as can board papers produced by non-executive members, closed sessions with just the CEO and the non-executive members, and one-on-one meetings with executives between board meetings.

How is the external world changing in ways that are not reflected in your board conversations? It's easy for a company (and a board) to become internally focused. Having industry specialists on the board is important, but a lack of diversity of thought can lead to homogeneity that creates myopathy. Consider bringing in new board members to make the group more diverse, and bring in guest speakers who will challenge your assumptions and bring fresh perspectives.

What don't you know about the company that you're most concerned about? This is a difficult question to answer, and it requires some dedicated thinking time. But the answer can provide deep insights into what the board's agenda needs to be. What we've found after many failures or major problems in organizations is that many people knew there was a problem but didn't feel empowered to speak up. What's on the board agenda is just as important as what's not on it. The challenge for a board member is to be mindful about accepting an agenda that's put forward and being prepared to challenge whether or not the right items are being discussed.

What do you see always being discussed but never resolved? This question can provide insight into deeper problems in the organization. Look back over previous board meetings and notice which issues come up over and over again without being satisfactorily cleared up. It can be difficult as a board member to see what the real reasons are for this are, so start a conversation either at the board meeting or privately with the CEO and other executives to try to understand what's going on. This form of intervention can show a board member at their best, noticing what's happening over a medium- to long-term cycle and providing observations that lead to the right conversations and the right actions.

What are you not discussing that you need to talk about? In other words, is the board spending enough time on the stuff that really matters rather than on the stuff it has to do? Boards do not have discretion to completely determine their own agendas because of statutory and regulatory obligations. Other required activities, such as strategy reviews and the audit cycle, also come around periodically. These important items can often overshadow other issues that need to be discussed, particularly if those issues are difficult and uncomfortable for both the board and executive to come to terms with. It's the board's job to ask these difficult questions and ensure that the agenda isn't crowded out with "business as usual." All too often, it takes a crisis to bring these other important items to the board's attention and onto its agenda, by which time it may be too late to fully eliminate the risk and capitalize on the opportunities they present.

Are we addressing all the stakeholders, not just the shareholders? **If so, how, and what's the order of priority?** Over the last decade, the question, "what's our purpose?" has shot up the agenda of many companies. This has been in response to a number of factors, such as financial crises, the climate emergency, and increasing gaps between rich and poor. Companies are also having to think about how they attract, retain, and motivate their employees. Purpose is often at the heart of this, and thinking about a broader set of stakeholders is often the starting point. List all of the company's internal and external stakeholders and put them in some order of priority. This really brings to the surface the question of why the company exists and for whom.

Are we adequately discussing longer-term issues, both internal and external? Times of crisis or extreme change, such as the pandemic, can often lead to an excessive focus on the short term. Challenges like management development and succession, longer-term competitive and technological threats, and environmental and regulatory issues can get lost in the melee.

How well do we know and trust each other? If boards are to pull together as a collective group — not a collection of individuals — then they'll need to know and trust each other. This is an easy question to ask but a difficult one to answer. A lack of trust and understanding can often manifest in the form of frequent dysfunctional conflicts or people privately feeling that they're not heard and cannot make the contributions that they're not. This becomes increasingly important if diverse boards are to work together toward a common goal.

How would we describe the organization's culture? Would we all describe it the same way, and is the culture consistent across the company? Like trust, culture is very difficult to define. However, when we look at some of the corporate failures of the last decade, a corrupt culture and a lack of trust were often at the heart of the problem. What has become easier is the ability to find data to understand the culture. There are now many organizations that offer services that can give an accurate readout of a culture and an understanding of where and how it needs to change. These reports can make for uncomfortable reading, highlighting issues such as bullying, behaviors that make the organization susceptible to unethical conduct and even fraud, and a lack of a diversity and inclusion. This is where a board can really help support the executive in bringing about profound change — but only if reports of this nature are brought to its attention.

None of these questions are easy, primarily because companies find it difficult to cope with disruptive change and to see the full breadth and complexity of the impact they make on broader society. And generally speaking, people don't like talking about difficult things. As coaches and directors, we view ourselves as people who understand the power of facilitating these conversations in a positive and constructive way. When this happens, we know that, despite being difficult at the time, it can lead to transformational outcomes and prevent existential risks from becoming existential crises.

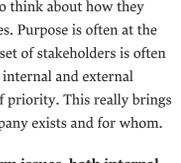
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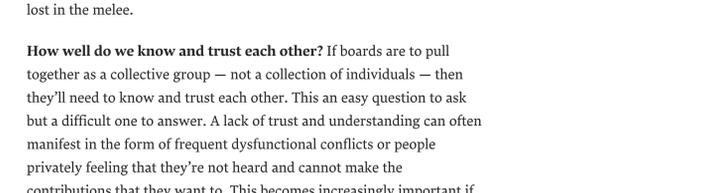
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