

# Governance | Lead, Control... or Something Else?

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Corporate Governance and Business Transactions

**14 articles**

*Seventh in a Series*

Management students out there, as undergrads or beyond, recall various theories and motivators to “get things done.” Budgets rule: budgets of money, time, people, opportunity. Choices consume those budgets as we tack the enterprise upwind and upstream. They determine our bottom line – cash, relationships, genuine success.

Governance tests our choices and the tendencies (good and bad) with which we approach them. Every golfer knows her tendencies. Even Majors winners return to swing masters for tune-ups. The elements of one’s swing become tendencies. Hogan spent his early, historic career fighting a severe hook tendency. What tendencies affect our choices in pursuit of effective Governance?

### ***Collaborate or Exasperate?***

Some Boards endure a self-appointed “inspector general.” This Director flyspecks Management and all its reports, not in the fiduciary sense, but stretching an issue to the breaking point. Often, the “IG” takes flight just before lunch or adjournment. Conversely, some Executives tend to distrust the Board – to hide or slide things by. The main rule recited from management school is the apocryphal “*Better to seek forgiveness than ask permission.*” They skipped the stuff on Board statutory duties and Management personal liability for unauthorized action. Governance cat and mouse is deadly.

### ***Innovate or Disequilibrate?***

Effective Directorship and Executive competence in Governance require hard work over long periods of time. Healthy organizations enjoy fluid conversation between the Board and C-Suite. Each informs the other and respects the respective legal and business duties assigned to each in the sharing of enterprise control and the imperative to grow and innovate.

They recognize and celebrate their joint mission, as well as the gray areas where Governance and Operations may overlap or even collide. They negotiate those issues with confidence in their “duty of loyalty” to the organization. Such symbiosis takes years to cultivate but just a few minutes of miscommunication to wreck. If Directors on the Board whisper, “What am I doing here?”— or Executives grouse, “Can’t trust the Board on this one,” or “Just a waste of time...”— the necessary balance is at risk.

### ***Dictate or Actuate?***

The long-term trajectory of an Organization trends in direct proportion to its capacity to attract, motivate and actuate talented people in a highly competitive climate. We seek to grow talent and connect it to energy that is, as the saying goes, “externally focused, internally driven.” The larger the Organization, the more complex and nuanced this process becomes. It works hard to onboard “the right people.” Yet, it startles consultants to interview a “right person” and hear variations of, *“I’d say (or do) something, but I need this job; kids in college; big mortgage; alimony/child support; etc.”*

...Yes, “right people,” Board and Management, can err and damage the enterprise. Not so long ago, we read oceans of “post-Enron” analysis. Not many recall that a former dean of the Stanford Business School chaired the audit committee. Right people, for sure. Consultants and journalists bought yachts and college educations for their kids with fees and fix-its paid for by reeling businesses groping for Governance vaccines during the chaotic aftershocks. Some hoped *Sarbanes-Oxley* might usher in the “Age of Aquarius.” Don't you miss the 5th Dimension?

*Harmony and understanding, Sympathy and trust abounding. No more falsehoods or derisions, Golden living dreams of visions. Mystic crystal revelation, And the mind's true liberation...*

Despite all that, we continue searching in vain for the right Governance vaccines to ward off bad outcomes. But prevention beats desperate cure every time. We can actuate our “right people” or we can dictate, exasperate and disequilibrate in ways that dilute their contribution. We can guide, encourage, and grow them with vision toward

the next generation, or we can disillusion and send them on their way. Our choices; our tendencies.

***Yours for Better Governance***

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