



Achieving radical and sustainable improvement in top line performance

## Corporate Nightmare #1: Board Misalignment



**April, 2016**

### **The Challenge:**

One of the more fascinating exercises we have the opportunity to conduct is what we call a "Stakeholder Analysis." In preparation for a Strategic Planning offsite we normally recommend this important due diligence step. For the purposes of our planning process, we define Stakeholders as the Board of Directors/Advisors/Investors. Stakeholders typically have the power and authority to define success for the planning team which is comprised of the CEO, C-level direct

reports and other hand-picked thought leaders. As a result of interviewing each Board member individually, we are quickly able to define and understand their short and long term expectations for the planning team. We refer to this as the Stakeholder's definition of success. The results of the interviews are then summarized (without attribution to any individual Board member) to provide critical insight and feedback to the planning team on not only their past performance to date, but more importantly what is expected moving forward.



***"Know why before what and what before how."***  
**...KappaEast**

#### **What We Find:**

The greatest surprise that we typically encounter is a general lack of consensus among the Board regarding their definition of future success. We call this Board misalignment. Ask a Board member a question and you typically get an array of answers with very few in alignment with other Board members. The challenge from a planning team perspective deals with how to reconcile these often conflicting needs, values and drives from the members of the Board. Who do we listen to - the proverbial 500 lb. Gorilla Board member, the Chairman, the most senior member, the most cantankerous?



***"In business, it is always better to be vaguely right than precisely wrong."***  
**...Richard Levin**

#### **What to do next?**

Without guessing who said what (remember interviews are done anonymously) we find that the greatest benefit of doing a Stakeholder Analysis comes from the insight and understanding of their demands as a group whether we are debating short term

vs. long term growth or short term vs. long term profitability. Even with conflicting answers, understanding what it is they want offers a great advantage to the planning team to enable you to consciously decide as a group what makes the most sense to address; for example growth vs. profitability and in what order. The biggest mistakes that planning teams make is coming up with what they believe is an absolutely brilliant strategy and set of priorities only to be shot down by the Board because no one took the time to ask the Stakeholder's their expectations.



***"A great part of the information contained in war is contradictory, a still greater part is false and by far the greatest part is of doubtful character."***

**...Carl Von Clausewitz**

**Next Steps:**

If you have any questions on what your Board really thinks or how to conduct a Stakeholder Analysis, please e-mail us at [kappainfo@kappaeast.com](mailto:kappainfo@kappaeast.com).

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