

# The Supervisory Board Member as Coach

## July 2020

Much has been written on the role of the Supervisory Board (or Non-Executive Directors<sup>1</sup>) in Corporate Governance. While the legal and official responsibilities, particularly with regard to financial oversight/control and reporting requirements, have been discussed in detail, much less focus has been put on how a Supervisory Board can actually add value to the C-level.

When I was in operational leadership positions (be it as one of five board members of a multi billion € company or the CEO of a mid-sized company) I mostly saw my Supervisory Board as a nuisance. In the best case they were just stealing my time, in the worst case overloading me with unnecessary tasks, stemming from either mistrust or – more often- inadequate understanding of the business I was leading.

After having served on different Supervisory Boards myself in the last 5 years, as diverse as a German and a Canadian public company and a mid-sized German family business I developed some personal insights into what makes a great Supervisory Board (Member):

### **1. She<sup>2</sup> needs to have the right qualifications**

While this should be a basic requirement not worth mentioning I too often made the experience that Board members are chosen for their name and reputation (ideally a former CEO of a renowned company) rather than having a qualification profile that fits the specific needs. Particularly in German Boards I have made this observation. Board members are chosen because another Board member knows them and they „have a name“. Not in every case a professional search firm is mandated with a clear search profile on what qualification is needed with regards to the overall board skills profile. While this has changed a bit in the last years, board recruiting „by name“ is to me still one of the fundamental problems, particularly in Germany.

### **2. She needs to develop a good understanding of the business**

Both the former CEO of a big company or the occasional (due to the quota often female) outsider nominee to the Board have a problem when they enter the Board without an elaborated Onboarding. And Onboarding goes far beyond the normal „Take a look at the minutes from the last meetings and have a one-on-one with the CEO“. Particularly in Canada I have experienced an excellent Onboarding which included getting to know different levels of the organizations, production sites, customers and having individual discussions with all other Board members. In Germany, by contrast, my request to see customers was seen as a sign of mistrust and not understanding the implicit rules of German Boards.

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<sup>1</sup> I am aware of the different forms of corporate governance and board composition/roles, but for simplification will use the term Supervisory Board, no matter whether I am referring to the German or Anglo-Saxon model (both which I know from own experience)

<sup>2</sup> Being a woman I will use the female form, but of course I always mean she or he

### **3. She needs to develop significant trust with the Board of Management and also the other Supervisory Board member**

Again, this sounds obvious, but from my experience is one of the hardest initial tasks. Let's focus first on the other Supervisory Board members. When you are not the renowned former CEO, whom everybody is proud to have on the Board, but the first woman or another outsider, it is particularly hard to find your role between speaking up/making your point and integrating into the group. Your point of view often is (and should be) different from the mainstream opinion - after all you were recruited also for diversity reasons. However, nobody can act as an outsider all the time and you also need to integrate and become part of the group. You need to be different, but belong at the same time - and that really is a hard task! The role of the Chair, who should encourage open exchange among equals, cannot be over-emphasized in this. I had one best practice example when I joined a Board as the first woman, the first European, and the Chair - in an open discussion about my concerns being the forever outsider - told me that he had plans to recruit another woman or European, just for me to feel less of an outsider. And so he did.

Building trust with the Board of Management is another difficult task. If you have a strong and similar background to the CEO, it sometimes raises anxieties that you would rather replace him/her as CEO or will always try to be difficult. In my experience, an open discussion about this, your own career aspirations and candidly sharing your own experience as a CEO in relation to the Board will develop enormous trust and helps you being listened to.

### **4. Finally, she needs to act as a coach, not (only) as a supervisor!**

Given the realities, legal frameworks and also risks of being a Supervisory Board member, it is easy to fall into what I call the „formal trap“. It is normal to get obsessed with your legal responsibilities, review of numbers, formal protocol issues etc., so that you not find the time or motivation for really thinking about how to add value. Yes, you need to fulfill your legal duties, yes, it is important to oversee the numbers, systems and processes (the German Wirecard case just gave an example of complete failure of all kinds of control), but there is another key dimension. How can you actually add value to the management board in addition to all the formal functions?

Here, I believe, you have to undergo a mindset change, from the „important Supervisory Board member“, who - in theory - is located „above“ the C level, to the coach and trusted advisor. The skills required are actually quite similar to the ones of a good coach:

- Questioning and listening instead of giving straight answers based on your own experience
- Discovering rather than knowing (it all)
- Sharing candidly your own experiences (successes and failures) - without taking them as absolute
- Opening up the decision realm instead of closing it down
- Addressing and tolerating ambiguity, rather than going for simple solutions
- Coming to self discovered instead of telling „what's right“
- Taking the time! Despite your great experience take the time to review your interactions with management and derive your own learnings from all of them - you are never done with learning!

Whenever you have reached such a relationship, where you are not seen as a nuisance or waste of time, but instead as someone, who adds to the business by openly asking relevant questions, then you know you are likely to really add value as a Supervisory Board member.