

BOARDS THAT LEAD : WHEN TO TAKE CHARGE, WHEN TO PARTNER, AND WHEN TO STAY OUT OF THE WAY

Ram Charan, Dennis Carey, and Michael Useem

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Boards That Lead by Ram Charan, Dennis Carey, Michael Useem pertinently brings out the role of corporate boards by delving into the boardroom instances. It goes on to illustrate the most effective ways of engagement of the board with the management team to steer the corporation to success. Having been advisors to the companies that the book draws examples from, the authors, as they describe it, have had a “front row seat” in the situations. Therefore, they have been able to bring perspective to the insights, making the book helpful and practical.

The book pivots on the following lines:

Too often, directors remain one of the most valuable but least utilized of a company’s assets. Smart, experienced, and dedicated men and women are ready to serve. They are sworn to protect and advance the enterprise, to ensure that it does what is best for customers and investors. Yet their wisdom and guidance are still too often closeted in the boardroom.

With a variety of views about the roles of boards in playing active part in management to boards more often than not being a legal necessity in practice, whether and how corporate boards can matter are issues that have been discussed for long. However, post Enron and Worldcom and with revised regulations like Sarbanes-Oxley, boards have become more than nominal. This has transformed the governance equation majorly and along with redefined character of the boards comes the question of authority and the extent of engagement. Amidst this, the book relevantly addresses the subjects of when the board should take charge, when to partner, and when to stay out of the way. According to the authors, boards take charge in areas like selecting the CEO, partner with management to strategize, and stay out of the way when it comes to strategy execution.

The book is divided into three sections: the first focusing on establishing functional boards, the second examines how boards work with an executive team, and the last focuses on value creation.

The book reveals the emerging practices that are seminal to the evolving form of the synergistic leadership of directors and senior management. The authors, based on their first-

hand experience of working with the board and the senior management of corporations like Apple, Lenovo, Boeing, Ford, and Infosys, explain ways for effective corporate leadership. They discuss issues like how to get the right CEO and subsequent ones; bring on board directors who add value; identify the most suitable board leader; ensure ethical behaviour of the corporation, and eliminate any kind of digression. Moreover, as the authors note, while insights are drawn from *Fortune* 500 companies, the model is such that it can be fit for small or medium-sized companies, public sector enterprises, and not-for-profits.

The most appealing parts of the book are the case illustrations portraying the board dynamics that bring in practical touch. With examples of well-run and challenged boards, the authors highlight the results of responsibilities taken up by the boards and those best left to management. The checklist framework provided at the end of the book becomes a comprehensive guideline for boards to figure out their areas of responsibility, manage critical roles like selecting the board leader, directors, and the CEO. Moreover, the take-aways at the end of each chapter help reinforce the central theme in the reader's mind, a feature common in Charan's books.

The book is a must-read for corporate board members as much as senior management. It makes a good-read for researchers and academicians working in the area of corporate governance, to understand and analyse what makes corporate boards effective. At the end of the book, the authors have captured the gist of the book in the form of an 18-point checklist. Corporate leaders and people considering board positions would find this useful as a quick guide to the subject.

Boards that Lead concisely explores the nuances of corporate board roles and responsibilities with the emerging governance model. Once you will start reading the book, it becomes hard to put down.

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