Why Boards Micro-Manage – And What To Do About It

Micro-management is a perennial topic of boardroom discussion. Of nearly 200 CEOs that I've worked with over the past 25 years, more than half criticized their boards - or at least some of their directors - for "micro-management". One Chief Executive tried to remedy the problem by tasking his General Counsel to create a comprehensive hand-out on the "governance-management line" for board members to study – and govern themselves accordingly.

Guess what? That didn't work. The board wasn't micro-managing in that instance because they didn't understand the governance/management line; they were micro-managing because they felt that the CEO hadn't been forthright with them about some key risks on a major acquisition, which emerged after the deal had closed. Now, directors were drilling down hard on every management proposal. The CEO didn't need to educate his board on the definition of "oversight"; he needed to rebuild their trust.

To resolve a micro-management problem, you need to understand what's causing it in the first place. Accusations of "micro-management" can result from a number of entirely different circumstances:

a) Loss of Confidence in Management: The example just outlined is a good illustration of this problem. If this is the real issue, the CEO should probably address it with the full board in an executive session with no other management in the room. Acknowledge that they either "missed something important" or should have been more forthright in presenting the deal. Then, be scrupulous about observing the old adage "never surprise the board" until some modicum of trust is finally rebuilt. This won't happen overnight; trust takes years to build and only moments to lose. But these are the steps that can address and hopefully resolve the real problem in this situation– not a handout with legal definitions

b) Management Materials and Presentations: Some board books include "everything but the kitchen sink"- and some executives load up their board presentations with picayune details, as well. Then they wonder why the board gets into the weeds. The answer's evident – management took them there. The solution in this instance lies in revamping what management prepares for and presents to the board.

c) Board Archetype/Maturity: Start-up's frequently have boards that operate in Hands-On mode; serving as a sort of "kitchen cabinet" and regularly making management-level decisions. Anathema in the Fortune 500, this model actually works pretty well for young companies. As the company matures, however, it can be a challenge to migrate the board to a governance/oversight level. Any new CEO recruited run the company after the founder steps down (or more commonly, up, to be Chair) often describes this problem. Here, the solution often includes recruitment of experienced new directors highly attuned to the governance/management line to help steer board dialogue to an oversight level.

d) Some Directors Really Don't Understand the Governance/Management Line: Adapting to an oversight role is one of the toughest transitions any executive has to make when they accept their first outside board seat. Lectures and hand-out's on the governance/management line seldom work. But "board buddies" do - if the newbie and the incumbent routinely connect before every board meeting during the newbie's first year. Not only can the "buddy" provide some context and history of the items on the board agenda, they can also serve as a sounding board for "test questions" from the new director. If the question is squarely aimed at a management level issue, the "buddy" can offer suggestions on how it might be reframed to get to the crux of the issue the new director wants to address, yet focus at an oversight level. In my experience, after 3 or 4 of these sessions, the new director will typically have mastered the "governance/management line".

e) **CEO Defensiveness:** I've seen many CEOs complaining about "micro-management" in situations where the board was asking entirely appropriate oversight-level questions. In these instances, the real problem was that the CEO didn't care for the questions; in fact, the CEO didn't much like being challenged by the board whatsoever. Frequently, CEO performance issues and sometimes even trust issues had already been detracting from the board/CEO relationship for some time; the charge of "micro-management" was simply a defensive response in an already turbulent relationship. Addressing this scenario often involves a tough conversation with the CEO by the Non-Executive Chair or Lead Director that confronts the "micro-management" claims head on – and focuses on the real issues.

f) Poor Chair Facilitation Skills: The best defense against routine micro-management is a Board Chair that regularly intervenes when directors cross the governance/management line; the Chair simply redirects the board dialogue to an oversight level. It's tough for a Chair/CEO to play this role without sounding defensive – and Lead Directors seldom address this problem when it occurs during a board meeting. But Non-Executive and even Executive Chairs can and should intervene to curtail micro-management during board meetings. But some Chairs are uncomfortable stepping in and just let the board discussion flow –squandering valuable board time down "in the weeds". If this is the crux of the problem, the solution often lies in providing constructive feedback to the Chair – encouraging them to play a more active role in this area. Once the Chair realizes that the board is advocating – sometimes begging – for greater intervention on this issue, they become far more comfortable stepping in.