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While I love technology I'm also a husband, father, avid cyclist, snowboarder and outdoors guy.

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# Designing the Ideal Board Meeting – Board Conflict

*This is the 5th post in my [Designing the Ideal Board Meeting series](#).*

Today's post focuses on board conflict and disagreements. It's not something that's often talked about on boards and I think the fear of conflict often drives some of the negative behavior I've encouraged you to avoid through my earlier posts (a great example of conflict avoidant behavior is a CEO calling each board member ahead of the meeting – something I think at its core is done to head off any disagreements at the actual meeting itself).

Let me start with a story: One of the first boards I was ever on was run by a rather mercurial CEO. He was very command and

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control oriented and was the first CEO from whom I experienced the pre-meeting call-around. We had a strong and opinionated board and in one meeting we ended up in a long debate about something to do with product strategy or direction (the specifics of which I don't remember). Ultimately we didn't come to any specific conclusion and ended the discussion without making a decision (I hadn't thought of the specific language back then but this was a classic "discussion vs. decision" topic). It was a spirited discussion and I thought a great one. After the meeting concluded I hung around to talk to the CEO and give him some feedback. He looked pretty dejected and opened by saying "That was the worst board meeting ever." I asked him what he meant by that and told him I thought the meeting was great. "I can't believe I lost control of it so quickly," was his response. In his mind our discussion and, in particular, the disagreement, was a bad thing. He felt that his job as CEO was to manage the meeting and keep things tight and in control.

Obviously I'm telling you this story in the hopes that you won't be that CEO.

**Disagreement on a board isn't a bad thing** and your job as CEO is not to manage the conversation, it's to engage with your board on topics that are important to your business.

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Hopefully you've put together a great board full of interesting and smart people. Frankly it would be strange if they always agreed (and a sign that either they didn't feel like they could express their opinions or a sign that the topics you were bringing to the board weren't all that critical to the business). So encourage and embrace discussion and honest disagreement – it will help make your company stronger.

So what happens if you have a disagreement on a major decision? Here's where things get a bit more interesting and this will be the focus of the rest of this post.

*Is this a decision topic or a discussion topic?* If you've read this series you clearly have picked up that I think the distinction here is pretty important. If you're having a serious disagreement over a decision topic you'll need to treat it differently than if you're having a disagreement over a discussion topic. The latter is relatively easy (but see below as well) – ultimately you're the decider as the CEO and you're taking input from your board. At some point you can cut the discussion off, thank people for their input and let them know you'll need to think about what was said before making a decision (which in some cases might involve getting people together

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again, but in every case should include communicating your ultimate decision and rationale back to the board).

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In the case of a decision topic you'll need to be more careful. For starters there are certain decisions that need the unanimous approval of the board (for example in most merger

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agreements the acquiring company will require unanimous approval of the board). Your lawyer can help you walk your board members through these sorts of disagreements; often it's helpful to remind people of their fiduciary obligations to the company. In one common(ish) version of this issue, a VC board member will be confusing their fiduciary obligations to the company as a board member with their views as a partner (and fiduciary) of their fund. I've had a few uncomfortable conversations with fellow VC board members about this (and one option for you as CEO is to find a board member who can help you work through some of these "misunderstandings" peer to peer vs. you or your lawyer doing it). In another common version of this, directors who are appointed by or voted on by a certain class of stock will misinterpret that as meaning that they're there on the board representing that class of stock (that's not how it works – all directors represent all shareholders; and in the case of businesses that are failing may

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have to consider certain other stakeholders of the business). Again, your lawyers can help you “remind” board members of their obligations here, or you can recruit a more knowledgeable board member to help you walk everyone through their actual duties and obligations.

*Is is one board member with a different opinion or the whole board?* A key question for a CEO to ask themselves if they’re having a disagreement with their board is whether they’re disagreeing with one person or if the board as a whole has a difference of opinion. It’s not uncommon for a single forceful board member to take over a conversation to advocate for their opinion and in doing so create the illusion that the entire board disagrees with you about something. Be sure to test that by asking other board members how they’re thinking about the topic. Be clear here – if you’re entire board has a view that’s different than yours, ask yourself whether you have given them all the information that you have been basing your view on. It’s helpful here if you have an independent board member or two to consider their view (it’s not uncommon for VCs to have a view that’s influenced by what’s best for their fund; I’m not saying they’re being nefarious about their advice – just that everyone is influenced by other factors and humans are terrible at

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understanding those things that are affecting their judgement). If you have conveyed the full background to your board and they still disagree, obviously it's a good time to consider whether your opinion is incorrect. All that said, if the topic of disagreement is truly a discussion topic, ultimately it's your decision to make. So make it based on your best judgement. While the board often has a helpful perspective – being somewhat removed from your business can help, as can their prior experience in similar situations – as the CEO it's ultimately your decision. So make it based on your best judgement and then communicate to your board what you decided and why.

*What might the repercussions be?* I've been asked this question many times by CEOs – if they decide something that the board doesn't like, what's going to happen. Board members have limited options, so let's be explicit about what they are:

- They can resign from the board, which is something I've seen a few times when someone really disagrees with a decision that was made (more typically there's something deeper going on with the relationship).
- They can fire you as CEO, assuming the governing agreements allow them to do so

(generally speaking boards have discretion to do this). Relatively rare, but it happens.

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– They can try to sway your decision. From investors this might take the form of indicating they won't continue to support the business financially which is something that you'll want to consider.

Back to Top They can do nothing, which is likely what will happen unless the disagreement is fundamental to the future of the business or is part of a pattern of behavior (in which case see #2 above).

Serious disagreements can add up over time, and can take a toll on a business (and often are a sign that something deeper and more troubling is going on). They're not to be taken lightly. But sporadic disagreement – especially when there are many opinions across a board – aren't uncommon and generally are to be embraced, not avoided.

*Boards aren't operating bodies.* I said this in a prior post but it's helpful to put a reminder of it here. Boards don't run businesses – CEOs and executive teams do. Boards are fiduciary bodies (and must agree to certain transactions), boards hire and fire CEOs and boards give advice. If your board is trying to

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run your business it may be a sign that something else is amiss in your relationship with your board and investors. Dig into that if it happens repeatedly. It does not work to have your board running the company.

Hopefully that's some helpful advice on how to deal with board level disagreements. Good boards embrace differing viewpoints and understand that in most discussions their role is one of providing advice and counsel to the CEO and management team. In the cases of more serious disagreements, your governing documents will dictate how much power your board has to effect your decision making (and whether a small number of board members can dictate a decision or not). In my experience very serious board disagreements are relative rare and are generally reserved for businesses that are already in trouble.

Next up, I'll pull together some board slides on various topics that I've found helpful as examples of things you might want to include in your own board materials.

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