



Ask Mr Sid

Dear Mr Sid

Re: Functioning on a Dysfunctional Board

Six months ago, I was appointed as an independent director (ID) to the board of a listed household products company (market cap: \$2 billion) at the recommendation of a university classmate. He is a fulltime banker and the non-independent non-executive director (NI-NED) on this board, being the son of the majority shareholder.

He asked for help to “take the company to the next level”. The company’s performance has declined over the past four years. A year ago, a consulting firm completed a strategic review, and the board agreed on new directions – including for the current CEO to “gracefully retire” by this calendar year-end.

Apart from the two of us, the seven-person board comprises:

- The executive chairman, an old school friend of the majority shareholder (my classmate’s father), on the board for 11 years;
- The CEO, an executive director (ED);
- The nominating committee (NC) chair, an ID who golfs weekly with the chairman and CEO;
- Two other IDs.

Although my banker classmate cautioned that there would be boardroom friction, I was not prepared for this level of dysfunction.

The chairman and existing CEO have identified a CEO candidate – unsurprisingly, a fellow golfer. However, my classmate has another candidate in mind, who I believe is stronger. He also wants to bring in two of our other university classmates as directors to “balance” the board and eventually ease out the chairman.

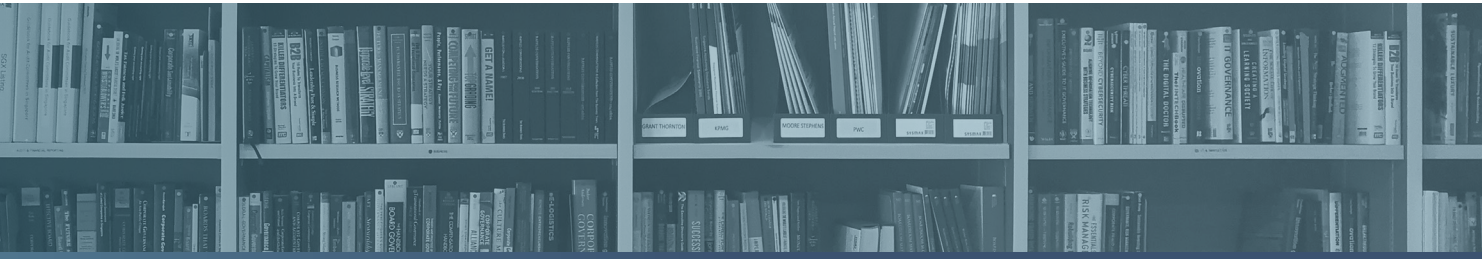
But he is convinced the chairman and NC chair will block his plans. The two of them, along with my classmate and me, comprise the NC. So, my classmate intends to bypass the NC entirely and push his resolutions through at the next board meeting, believing he has sufficient votes. This is our last scheduled board meeting before the annual general meeting (AGM) at the end of April.

Lobbying has already begun, and he’s asked for my support. While I agree change is needed, I’m deeply uncomfortable with these happenings. I didn’t sign up for gamesmanship or backroom tactics.

I would be pathetically grateful for your advice.

Yours sincerely,

Chess-player-not-golfer



Dear Chess-player-not-golfer

You have chosen your pseudonym well. What you are facing is less like golf, where relationships, rituals and negotiations shape the game, but more like chess: strategic, principled and fraught with consequence.

From what you have described, the company is at an inflexion point: performance is declining, the CEO is set to retire, and the board is divided between an entrenched old guard and a faction seeking reform. You are caught in the middle – new, independent and principled.

In your boardroom, every move matters. Your instinct to pause and seek counsel is the right first move.

Without the full facts, here is my advice on the key considerations for a game plan based on good governance practices and the reality of your board dynamics.

1. Secure shareholder support.

In situations of board conflict, shareholder alignment is critical. Ultimately, shareholders can change the composition of the board.

Your classmate may be the son of the majority shareholder, but unless the father shares his vision for renewal, any board resolution – no matter how many directors back it – can potentially be undone. Thus, you should gauge his stance and secure his support. Your classmate can serve as a channel to him.

2. Build ID consensus.

On this board, your greatest asset is your independence – not just in designation, but in judgment.

The views of the other IDs are crucial. You have identified the NC chair as aligned with the chairman and CEO. Focus then on the remaining two IDs.

Engage them informally. Obtain their views on the company's trajectory, governance practices, succession planning and board composition. You are not canvassing for votes. You are listening for alignment. And if they share your concerns and are willing to speak up – or at least not obstruct – you would have a strong basis for responsible action.

3. Wait until after the AGM.

Any contentious changes (CEO appointment, new directors, leadership reshuffle) should be deferred until after the AGM. It is only a month or two away, in any case.

You were appointed six months ago and must be confirmed by shareholders at this AGM. That confirmation will give you both legitimacy and leverage.

Also, a public boardroom rift before or during the AGM risks reputational damage – not just for the board but also for the company. It may also attract unwanted regulatory attention.

4. Lead the CEO succession with a proper process.

This is your strongest card. It reflects your fiduciary duty most clearly.

CEO succession is a critical board decision. It must not be reduced to a popularity contest or a matter of personal networks. The fact that the chairman and CEO champion a golfing companion reinforces the need for objectivity and process. Equally, your classmate's preferred candidate, no matter how strong, must be properly evaluated.

Insist on a professional search process led by a reputable headhunting firm. This brings rigour, widens the talent pool and reassures shareholders. If either candidate is suitable, a credible process will bear that out. If not, the board will have defensible alternatives. It also allows both sides to step back and let the best candidate rise on merit.

5. Do not bypass the NC.

The NC exists to provide a structured mechanism for board appointments and evaluations. Its role is to recommend candidates, with the board retaining final approval. The board should also approve any increase in board size before the NC evaluates candidates.

While it is technically possible for the board to act without convening the NC, there are few justifiable reasons to do so. Doing so in your current context would undermine good governance norms and invite criticism. After the NC has reached a recommendation – or a deadlock – the matter can then be brought to the full board, which can accept, reject or amend the recommendation.

The NC should define clear selection criteria, engage a professional search firm, and establish

a realistic timeline. If the NC chair impedes this process, document your position and escalate the matter through the proper channels.

Also, be mindful of optics. The move may be perceived as cronyism if your classmate's proposed directors are university friends. A professional selection process, ideally including other candidates, will help defuse that concern and uphold the legitimacy of your efforts.

By upholding due process, you maintain credibility and avoid the very partisanship you seek to resist.

6. Consider board leadership change, but not yet.

Replacing a chairman is a serious matter but within the board's authority. The chairman is not appointed by shareholders but by the board. In this case, the chairman was brought in by the majority shareholder, so gaining the latter's support would be politically prudent.

If, after building consensus among IDs, securing shareholder backing and initiating CEO succession properly, it becomes clear that the chairman is no longer the right person to lead, then a change may be justified. But make this a final step – not a starting point. And base the decision for change on performance, strategy, tenure and governance – not personal frustration or retribution.

In this case, there is a legitimate case for leadership renewal. Eleven years is a long tenure. It would also be difficult for the *executive* chairman to separate himself from the company's underperformance. A non-executive chairman would offer better governance oversight, especially in this transition phase.

7. Counsel your classmate to play the long game.

Your classmate's impatience is understandable. He (and his family) has a significant stake in the company. But governance change is not about swift moves. It is about enduring impact.

Use your chess metaphor to persuade him. The endgame cannot be rushed without risking the entire board. He may be right about the current CEO, the need for board refreshment and structural imbalances. But he also needs to be wise. A change that is forced too hard may fracture the board further. A change that is earned will hold.

Encourage him to use the tools available: the NC process, shareholder engagement and strategic persuasion. A reform agenda grounded in process will win more lasting support than one driven by impatience.

Final thought: Integrity over instinct

As for you – hold fast to the spirit of independent directorship. Be principled. Be strategic. Be objective. That is what the role demands.

You are not just representing your own voice. You are modelling what good governance looks like to the rest of the board. And perhaps, in doing so, you will bring others along with you – not through manoeuvring, but through example.

Yours sincerely



Mr Sid ●

Who is Mr Sid?



Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors.

Burrowed among his favourite *Corporate Governance Guides for Boards in Singapore*, he relishes answering members' questions on corporate governance and directorship matters. But when the questions are too difficult, he transforms into Super SID, and flies out to his super network of boardroom *kakis* to find the answers.

Mr Sid's References (for this question)

Board Guide

Section 2.5: Board Leadership
Section 4.4: Strategy
Appendix 4H: The Role of the Board vis-à-vis Management in Strategy
Section 6.5: The CEO
Appendix 6B-6: Balancing the Chairman-CEO Relationship

BBoardroom Matters

Vol 1, Chapter 26: "Sense and Sensibility in Board Diversity" by Lyn Boxall
Vol 2, Chapter 43: "Strategy: More Than a Board Game" by Wilson Chew
Vol 3, Chapter 5: "Role of Non-Executive Directors in Strategic Planning" by Eugene Kang
Vol 4, Chapter 31: "The Role and Challenge of the Non-executive Board Chair" by Lee Chong Kwee

SID Directors Bulletin

2025 Q1: "Power Dynamics on Boards" by Alvin Chiang
2024 Q4: "More than Change Just for the Sake of Change" by Victor Yeo
2024 Q4: "Navigating the Complexities of Leadership Transition" by Ben Chester Cheong
2024 Q4: "Wrestling with Boardroom Dilemmas" by Wong Su-Yen
2024 Q4: "Getting Board Succession Right" by Ann-Maree Moodie
2024 Q4: "CEO Renewal: The Most Difficult Job of a Board" by Tsun-Yan Hsieh and Huijin Kong
2024 Q4: "Making Diversity Work" by Chan Wai Leong

SID Courses

Chairperson Accelerator Programme
Listed Entity Director Programme: LED 2: Board Dynamics
Governance for Outstanding Organisation Directors Programme: SGD 3: Board and Management Dynamics
SID-SMU Directorship Programme: SDP 1: The Role of Directors: Duties, responsibilities and legal obligations
SID-INSEAD International Directors Programme: IDP 2: Board Dynamics, Efficiency and the Role of Committees