I have long argued that the skills-based composition of a corporate board is critically important to proper board function. In addition to obvious independence from management, a wide range of talents that are tailored to the business of the corporation is vital to effective management monitoring. A recent set of travel experiences, oddly enough, drove this point home to me in an unexpected way.

With travel resuming at the end of the pandemic, I found myself, after a long pause, subject to the will of the travel industry. What struck me was the significant deterioration in reasonable and basic customer service at some of those companies. I clearly am not alone in that observation. However, a particularly bad set of experiences at a major airline and rental car company raised the question in my mind as to whether the boards of those two businesses were somehow responsible for my travails. It was not the bad experiences that concerned me so much as the completely apathetic and dismissive actions of both companies' “customer service” teams that I encountered when I finally raised an issue.
My experiences included an inoperative rental vehicle, a second reeking of cannabis (formerly known as marijuana) and a significant departure delay caused by a flight attendant leaving her power cord at the airport hotel (called a “safety issue”). The responses that I received from customer oversight personnel were pathetic — either somewhat accusatory or outright dismissive and deceptive.

I wondered how two respected organizations dedicated to customer service could have gotten so apathetic to basic customer needs and so dismissive of a simple request for accountability when something within the businesses’ control went wrong. Having forever preached the necessity of an appropriate “tone at the top” of an organization, I decided to examine these companies’ boards for some sort of clue.

I found an interesting answer. Each had board members with substantial experience — but both boards were heavily weighted (and one almost exclusively) with individuals who had a significant investment and finance orientation. Now, it is not a bad thing at all to have such individuals on a board. Understanding the financial activities of the business is crucial to effective monitoring. Additionally, viewing corporate activities from an investor’s perspective is invaluable to any successful board and organization. However, such expertise is only one ingredient of an effective board. There is always the problem of too much of a good thing.

There are a number of other areas of skill that are also necessary depending on the business. Marketing, HR, operations, IT, regulation compliance, and even consumer relations are important talents that a good board should look for. Indeed, as a prescient article in this issue of the magazine points out, an engineering background may be extremely beneficial to many corporate boards.

A board’s role is to monitor and sometimes direct management down a productive path. To do so successfully requires many divergent skill sets. A board that is heavy on only one, such as finance, may be missing the mark.

I wonder if the boards of those two organizations that I unpleasantly encountered spent much time
focusing on the customer satisfaction side of their business. If they did not, which my recent experiences seem to suggest, then perhaps a compositional explanation is in order. Of course, bad service at a large corporation is not necessarily the fault of a company’s board. But a compositional defect that affects the direction and accountability of corporate management for ineffective operations is a governance concern and should ultimately be addressed by the shareholders. Happy travels!

Date Created
August 9, 2023

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