Masters of Scale Episode Transcript: The Boards episode

“Build a better board”

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> **KRISTA SKUCAS:** There's a stage called Wildcat. It's like 27 miles of super tight and twisty, just back and forth, back and forth. And the stage is so long. You're like, "I swear, we've been here already." I remember this little canyon.

HOFFMAN: That’s Krista Skucas. She’s a rally co-driver, talking about her favorite race course – or stage. It’s near Olympia, Washington. And they don’t call it “Wildcat” because it’s tame.

> **SKUCAS:** You're in rainforest territory in Washington out that way. And every corner you're like, "Do I have grip? Oh, Nope. Don't have grip. Oh, oh, wait. I had way more grip. I could've gone so much faster on that section."

HOFFMAN: Rally is a form of motor sports racing that predates the 20th century. The courses range from logging roads to twisting gravel paths. As a co-driver, or navigator, Krista isn’t actually driving the car. She’s sitting beside the driver, holding a notebook of cryptic symbols.

> **SKUCAS:** You have a left or a right, and you have degrees of corners, one is the sharpest corner, six plus is mostly a straight line until you're driving it at 120 miles an hour.

HOFFMAN: But calling out these codes on race days is far from her only job.

> **SKUCAS:** You are not racing head-to-head. It is the fastest time overall. Cars are one to two minutes spaced apart.
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> So you're managing that while navigating out in the middle of nowhere. You're not using a GPS system. You are getting your car and your driver to these certain points, but also you are keeping that driver's spirit up or maybe even calming them down.
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> Having a connection in the car is very key. You become one cohesive unit, and the driver ends up driving the best when the co-driver's voice just feels like their thought in their head, and they don't have to actually work to hear it and listen to it and understand it, it's just there.

HOFFMAN: That intense relationship between driver and navigator is not just important, it can be life-saving. One disagreement over speed, or tactic, can cause a crash.

SKUCAS: It really comes down to people not acknowledging that they have a lot to work on. They come in with a little bit of ego. You've got this very beautiful looking car. I've made it.

It just takes that big crash. And then they're like, "Oh yep. Definitely thought I knew more than I did. Time to rebuild and think about this while I'm spending hundreds of hours putting my car back together."

HOFFMAN: The parallels to entrepreneurship couldn't be more clear. The speed, the obstacles, the hairpin turns … and most of all, the teamwork. But let's take the metaphor one step further.

Today's episode is all about boards and the role they play in navigating your business to scale. Like a rally co-driver, a board of directors works closely with it's CEO. The CEO has the wheel, and the board gives critical guidance along the way.

But imagine what would happen if the navigator suddenly called out the wrong directions? Or forgot to notice a turn up ahead? The best co-driver in the world can't 100% guarantee victory. But a bad co-driver can cause a crash-and-burn.

That's why I believe that the wrong board member can break your company faster than the right board member can make it. So when building a board, choose wisely.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe that the wrong board member can break your company faster than the right board member can make it. So when building a board, choose wisely.

If you're a regular listener, you already know my favorite movie. It's the Coen Brothers' classic comedy, "The Hudsucker Proxy," a madcap fairy tale about entrepreneurship's delights and heartbreaks.

But we've never really discussed the vivid – or even exaggerated – picture it paints of a company's board of directors.

Some of the film's most iconic scenes take place in the smoke-filled boardroom of Hudsucker Industries in 1950s New York. An impossibly long conference room table gleams in the center space. Cigar smoke pollutes the air. Around it sits a council of elderly white men, plotting the company's fate.

Some are Machiavellian schemers; others are clueless and paralyzed by groupthink. Together, they plot to install a puppet CEO who will do their bidding.

The Hudsucker boardroom is a perfect satire of the stereotypes and fears many entrepreneurs have around boards. Boards are powerful things. They make critical strategic decisions that determine a company's direction. They can hire and fire the CEO! A board can make or break your company – but in fact the chances of a terrible board sinking you are better than the chances of a miracle board saving you.

So if you're a founder, how do you build the board you want? And if you're on a board, how can you set the CEO and management team up for success?

Hint: it's not just about what you do. It's about the mindset you bring to the job. So today, let's look at five vital mindset shifts that help create a better board – whether you're a founder assembling your very first board, or a board director looking to improve best practices. And if you're not thinking about boards just yet, stick around. These lessons work for team-building too.

Number one: Experience matters, until it doesn't.

> **MELLODY HOBSON:** The first board I was ever on was a company called Tellabs, which was based in Naperville, Illinois.

HOFFMAN: That's Mellody Hobson. She's the co-CEO of Ariel Investments and a veteran board director, including tours of duty at Estée Lauder, Dreamworks Animation, JP Morgan Chase, and now, as chair of the board at Starbucks. She has her own Masters of Scale episode about how to accelerate expertise, which you can find at mastersofscale.com/hobson.

When it comes to board stewardship, Mellody's as experienced as they come. But she can still remember what it was like to be vetted to join the Starbucks board.

> **HOBSON:** So Howard calls and asked me to come to Seattle. We're at this dinner, and Howard Schultz is basically saying, "We're going to just be watching you. We've heard some good things. It's early, you know. It's early for you."
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> And I said, "However long you need to watch, my company has a turtle as a logo, we're the patient investors, I'll be patient."
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> And so then what I started to do was just drip on Howard. So that every time I read any kind of article or anything about Starbucks, I would send him a note, and I'd say, "Wow, great story in Fortune. Phenomenal picture." Which of course, everyone wants to know that it's a good picture.

HOFFMAN: I love this detail. Mellody wasn't just flattering Howard. She was telling him, "I'm tracking your company and your successes."

> **HOBSON:** One day they called and they said, "We're ready for you."

HOFFMAN: The deliberate, even slow pace of vetting board members might feel contrary to the speed of entrepreneurship. But this is one relationship you don't want to rush.

Choosing a board member is at least as important as any executive hire. This person will have tremendous influence over the direction of your company, including whether to keep you as CEO.

So what kind of experience makes a great board member? The conventional answer is: "experience on other boards."

> **LISA SHALETT:** Being on a board is often a prerequisite for getting on a board. And that is often something that really gets in the way of anyone getting on their first board.

HOFFMAN: That's Lisa Shalett. She's a former Goldman Sachs partner and co-founder of Extraordinary Women on Boards. It's a peer group that seeks to raise the presence and influence of women in the boardroom.

Lisa brings up a great point about the Catch-22 of board experience. If you can't be on a board until you've been on a board, that's an obvious "chicken and egg" problem. It's also a problem for growing board diversity. Luckily, Lisa's own board journey looked a little different.

> **SHALETT:** I was very lucky to be introduced to Bruce Flatt, the CEO of Brookfield Asset Management.

HOFFMAN: Brookfield had a seat opening on their real estate board, and Bruce wanted Lisa to interview for it. She agreed, but in the spirit of transparency, she offered two caveats.

> **SHALETT:** "I need to tell you, one, I've never been on a board before." And he said, "Well, that's no problem. You were a partner at Goldman Sachs, and you come highly recommended."
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> So second, I reminded him that I didn't know anything about real estate, to which he replied, "We don't need you to join our board because of your real estate background. You don't have one. We do. We need you because of the experiences that you've had and the skills that you bring that we don't have.

HOFFMAN: Bruce had a point. A board's responsibility is making sure the company is managed in the best interest of its shareholders. Doing that requires a variety of skills that don't always overlap. So even if someone is new to boardship, their professional experience can still translate to board excellence.

That said, no matter who your new board member is, you'll need to get them up to speed – especially if they're coming from outside your industry. That's a challenge Lisa wrestled with at first.

> **SHALETT:** I completely felt like a fish out of water. They were using acronyms that I needed to create a glossary of, vocabulary I had not heard before, economic models and formulas that I did not know.
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> It was like listening to a foreign language.

HOFFMAN: So Lisa made herself a cheat sheet of all the industry acronyms she needed to know.

> **SHALETT:** I recommend to board directors joining new boards, that are industries that they might not have come from, to talk to the CHRO at the company and see what they use to train new employees. A new employee and a new board director might be experiencing the same exact thing.

HOFFMAN: Some board candidates become hugely additive on their very first boards. And some experienced board members turn out to be totally wrong for the job.

For example, when I was first starting LinkedIn, I had a board member who insisted that the core of our business would be advertising. Meanwhile, I saw LinkedIn's first scale business model as SaaS and subscription-based, which is what turned out to be the case.

A lot of time was spent in the thicket of this struggle – time no entrepreneur really has.

The problem wasn't that the board member disagreed with me. It's that they disagreed without evidence. They based their assessment on patterns they were already familiar with, instead of on data from the company right in front of them.

Not only was this board member's past experience not helpful, it was actively harmful to the company, because the board member kept distracting me and the executives with his assertions and requests.

Almost all board members will not have spent every waking moment with your business. So no matter their experience, any board member you're considering should come with humility about what they do and don't know.

And I'll add, a board member should want the CEO to have heard their thoughts and concerns in a way they can reflect it. But then the CEO makes the choice.

I have this red light, yellow light, green light metaphor for board members and their relationship with the CEO.

Green light is: the CEO is making the decisions. Yellow light is: the board has specific questions and a specific timeframe to answer questions about the CEO. And, red light is: it is time to get a new CEO.

One of the most common mistakes that a board makes is staying in yellow light. Like, oh, we're not sure. And it's very easy in a committee to say, we're not sure. And then drag it out a lot. And then you're harming the company.

Number two: Scout for board members who take the long view.

> **BOB SAFIAN:** The first board that I ever presented to, I don't know that I've ever told you this story–

HOFFMAN: That's our editor-at-large and host of Masters of Scale: Rapid Response, Bob Safian. Bob has an unusual story about boards I think you'll want to hear.

> **SAFIAN:** When I was the editor of Money Magazine, it was part of Time, Inc, Time Warner, and I was asked to present to the Time Warner board about the state of the U.S. economy and what the future of the U.S. economy was going to be, which was a terrifying prospect, especially because one of the people on the board was Carla Hills, the U.S. trade representative, like I'm going to tell her what's going to happen in the economy, right?
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> And I make my presentation. And Ted Turner was on the board, and it turned out that it was Ted Turner's birthday that day. And so right after my presentation, they roll in a birthday cake, and we all sing happy birthday to Ted Turner. And Beverly Sills, the opera singer was also on the board, so I got to sing with Beverly Sills, happy birthday to Ted Turner.

HOFFMAN: As delightful as this image is, it also highlights a missed opportunity.

> **SAFIAN:** It was all theater, right? Me presenting, singing for Ted Turner, like, it was not about actually looking at the risks and getting certain kinds of business done, it was about checking the box that we had a board meeting, so that management could go on and do what they wanted to do.

HOFFMAN: As much as you don't want board directors running roughshod over the CEO, you also don't want a passive board whose job is to "check the box, then cut the cake." Or to go back to our driving example: you don't want a co-driver that's constantly grabbing your steering wheel. But you also don't want someone gazing out the window, lost in the landscape.

> **SAFIAN:** I feel like being a board director used to be kind of a little bit of a, I don't want to say, a hiding place, but it was like a boondoggle sometimes. Whereas now it's like there are a lot of things for you to manage and help management keep their eyes on.

HOFFMAN: Board governance is a long-term responsibility, not a “boondoggle.” Every board member should be as invested in your business’s long-term survival as you are.

A core principle of entrepreneurship is the ability to look several steps ahead. That’s something a board needs to do also, but with a slightly different focus. Here’s Lisa Shalett again:

> **SHALETT:** To me, boardroom excellence includes the responsibility to help management see around corners. How do you identify the risks? How do you anticipate the risks?

HOFFMAN: Perspective on risks and opportunities is something a capable board can provide. Entrepreneurs are supposed to take bigger risks, especially when the upside can launch a company to scale. But risks tend to work out much more often if you’ve taken time to calculate the odds. “Is this opportunity in front of us a moonshot, or a change we think will be inevitable? What’s the fallout if we don’t succeed?”

One way the board can consider these questions is to be in regular contact not just with the CEO, but with the Chief Financial Officer. A CFO both reports to the CEO, and then acts as an independent voice to the board. That makes them a useful and reliable check on reality.

That doesn’t mean a CFO should be the naysayer, closing windows of opportunity.

But just like our rally co-driver needed to look out for danger and obstructions, a CEO needs to trust that the board has its eyes on the road ahead.

One more point about this “long view” mindset. As mentioned, the most basic board responsibilities are to hire, fire, and compensate the CEO. But, that is frequently misinterpreted, or misapplied by board members at the earliest stages of a startup. And often, the worst repeat offenders are those who consider themselves to be the strongest board members: VCs.

I talked about this to my producers. I was feeling a little under the weather, which you’ll hear in my voice.

> **HOFFMAN:** A classic misfunction from venture capitalists is they kind of come in and they treat this as their investment, and they're managing the board from their investment standpoint. So, like, something you'll see from a not thoughtful VC is, "Oh, could you do the analysis about where you are relative to these other companies that maybe have ended up being economically valuable? They're thinking in their head, well, that's valuable to the company because maybe you're going to be like that company, and that's useful. But actually in fact, what they're more interested in is the analysis for them and their investment here and their investment more generally. And so that's not something a

> company should be doing. Similarly, the kind of discipline about early stages is because people copy from, call it, established companies where one of your questions is, is the CEO, the right CEO, and should we replace the CEO? You bring that back to a seed or Series A company. And most often, if the question is, you're going to try to replace the CEO, you should just try to sell the company. Because you're not going to go get a CEO, who's going to make a difference here. That's an illusion.

HOFFMAN: That's right. If you're on the board of a young startup and you don't think it's going well, you can either encourage the CEO or try to counsel them through the rough patches, or sell the company and get out now. At a mature company, a career CEO can come in and solve problems of management or leadership. But startups run on the vision of their founders, for better or for worse. So if you think you have the wrong founder, you actually have the wrong company.

Either way, take the long view, and base your decision not on the discomfort of this moment, but where you see the company heading down the road.

[AD BREAK]

HOFFMAN: We're back with "Five Vital Mindset Shifts To Make A Better Board." Remember, if you want to share this episode, use the link mastersofscale.com/boards. And to hear my complete interviews with dozens of iconic Masters of Scale guests, become a member at mastersofscale.com/membership.

Number Three: Learn to speak up, not over.

This mindset is all about communication. First, let's talk about communication within the boardroom itself. As we covered earlier in the episode, a boardroom can be an intimidating place, especially for new members. Remember Lisa Shalett's comment from joining her very first board:

> **SHALETT:** Once I was in the boardroom, I completely felt like a fish out of water.

HOFFMAN: That feeling of intimidation can lead to new members not speaking up, and there's an opportunity cost to their silence. Mellody Hobson has a story that will bring this to light. And it has to do with joining the board of Dreamworks.

> **HOBSON:** Jeffrey Katzenberg called one day and said, "You come highly recommended by Howard Schultz."

HOFFMAN: Earlier in the show, Mellody was telling us how Howard Schultz had welcomed her to the Starbucks board … after a considerable waiting period. During that waiting period, Howard himself had joined the board of Dreamworks. And he thought Mellody would be a fit there as well.

> **HOBSON:** I called that board, Moguls R Us. Everyone on the board was a mogul, except for me. You had David Geffen, Meg Whitman, Howard Schultz, Paul Allen. Nathan Myhrvold. And I was like this pipsqueak.
>
> So I'm on that board, and then Starbucks comes later. And I go to the Starbucks board, and I'm listening, listening, listening. Until Howard as the lead director called me one day, and he said, "We need to go to breakfast." So I meet him in the lobby for breakfast, and he said, "Howard said you're not talking enough." And he said, "You talk more at DreamWorks. He wants to hear what you think."

HOFFMAN: This can be a really tricky dance. Time is so precious in board meetings. If you're brand-new to the group, you don't want to spout off before you have understanding. But, you also don't want to fail to contribute. Mellody has developed a couple of ways to speak up, without speaking out of turn.

> **HOBSON:** I've had jokes sometimes with someone on the board, I'll make them my board buddy. And I'll say, "If I'm saying something stupid, text me." It's like the version of kicking someone under the table, or especially when I'm new, like, "If this is the third rail, say third rail, like you just jumped on something that it's going to blow up the conversation," because there are those issues inside of companies where it's better having that conversation offline.

HOFFMAN: This "board buddy" idea is pretty ingenious. It's also a great example of how you need strong networks at every stage of career development. Feedback never stops being important, and the board member who thinks they don't need it is almost surely either not speaking up, or making a habit of speaking over their colleagues, without even realizing it.

Mellody also has a method for making every comment in a board meeting count.

> **HOBSON:** Before any board meeting I go to, I try to develop one or two truly unique questions. I want them to be not obvious, and add value. So I will spend an entire plane ride thinking about a question, and not a declarative statement, because I think that puts people on the defensive and makes them think you're a know-it-all. So if you can ask just that right question, it could sometimes make a difference. And that's how I think I have been most effective in the boardrooms that I've been in.

HOFFMAN: Asking "that right question" is a great way to get to the heart of a matter quickly and kickstart collaboration in a group.

> **HOBSON:** Boards have chemistry. And that chemistry is dynamic and fragile. When a new person comes in, it's like an amoeba in the way it moves. There's now a new

dimension. And so understanding that when you come into that chemistry, you're trying to figure out how to add your voice, be authentically you, and then understand the dynamics and the chemistry of the room.

HOFFMAN: I think the way that I crossed that bridge when I started with boards was I would drop an email frequently to the CEO saying, "Here's the things I heard. Here's some of the questions I had. Now, if I was sure that the board needed to discuss it, I'd bring it up. But the way that I would cross that gap myself was to be kind of like, "Okay, here's my analytic notes from the board meeting. Which of this stuff is useful, which isn't?" Which also strikes me as a very Mellody thing to do. I don't know if you do that as well.

HOBSON: I didn't do it that way. So with Jeffrey, I became this person, even though Roger was there and was highly effective,

COMPUTER VOICE: Roger Enrico, former CEO of Pepsi. Chair of the Dreamworks board.

HOBSON: They would sometimes send me in as this truth teller to Jeffrey. I would go to Jeffrey and give him input on, "This is what the board is thinking. This is what you need to respond to, et cetera." And then when Roger went off the board, Nathan Myhrvold was the one who was like, "Mellody is the chair."

HOFFMAN: There's so much to learn in this example, whether you're a board member, a CEO, or aspire to be either. What Mellody developed as a skill set was how to translate between the Dreamworks board and Jeffrey Katzenberg as CEO. She didn't hijack the agenda, or pretend it was all her own. Instead, she distilled their collective thoughts into a unified voice that Jeffrey could respond to in a human way. She spoke up for the group, without speaking over them, creating a clear channel for the board and CEO to exchange ideas.

Number four: Escape the hierarchy trap.

Even seasoned CEOs and board members can stumble on this one. So let's be extra clear: A board's role is not to run the company. Its job is to provide oversight to those who do.

The CEO-to-board relationship is not a manager/employee relationship. It's a collaborative relationship, in which both sides are working towards the company's success.

As a board member, what's important is how you interface with executives. Board members should not undermine the CEO and the executives. The board chooses the CEO and sometimes helps with the larger executive team, and then they work with the team as much as they can.

But if you find yourself stuck in this “hierarchy trap,” how do you escape it? It is a mindset shift. But it’s not just something you think about. You need to put clear, frequent communication between boards and executive teams into practice. And you have to know how to talk to the executives in ways that you're very clearly never undermining the CEO. And that reinforces this symbiosis.

Here’s an idea from Shishir Mehrotra, co-founder and CEO of Coda. Shishir has his own Masters of Scale episode on how to create new rituals, which you can find at mastersofscale.com/shishir. As a board member and investor in Coda, I got to witness firsthand a new ritual around board meeting practice.

> **HOFFMAN:** One of my early surprise and delight moments in working with you was your different take on early stage company board meetings, because I had more or less kind of presumed that the point of the board meeting is like, well, you put the CEO, founders, and occasionally all the executives together with the investors in a room, and you talk about, "Okay, here's where we are and here's what we're doing and here's the things we need help on and here's the things we're working on. Does anyone know anything different about why this plan should change?"
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> And I remember arriving at the first board meeting, and it was like, "Well, actually, in fact, what we're going to do is going to go meet with the whole company.”

HOFFMAN: We’ll get to why this was a refreshing approach to board meetings in a moment. But first, let’s hear a little about where this idea came from.

Before starting Coda, Shishir had been VP of engineering at Google, overseeing YouTube.

> **SHISHIR MEHROTRA:** So, I had eight major offices for YouTube spread all over the world, we were fairly distributed, and my largest team outside of San Bruno was in Zurich. And when I went to Zurich, the person that ran that office, this guy Oliver Heckmann said, "We're going to do it a little bit differently. What we're going to do is instead of Shishir sits in one room and gets lots of presentations, we're just going to walk around to different desks, and everybody is going to talk about what they're working on at their desk."
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> The dynamic was totally different. All of a sudden I show up at an engineer's desk. They have 20 tabs open. "Here's the thing I'm working on. Here's what I've built." Because we're all standing around his desk, me and a bunch of the other leadership, we pay a lot of attention, and we get real sense for how the team's working, because you'll ask a question, and then all of a sudden somebody that's sitting across from him says, "Actually, that's not the right answer," and we'll go over to his desk and see it. The team felt much more involved in the process, and honestly it was significantly less prep for either side.

HOFFMAN: I can say from experiencing these open board meetings at Coda that they do in fact put board members, executives, and product managers in direct communication, and at the same level. It's not that company hierarchy disappears forever. But it makes things very, very clear that we are all in fact teammates, pulling in the same direction.

> **MEHROTRA:** The idea of a walkabout board meeting requires a dedication to transparency that is very high. Because the board meeting's open, one of the things that leads to is each person is presenting not only to the board, but they're also presenting to their peers. Being very authentic. If the engineer who worked on it is sitting right next to you and the data scientist who did the analysis is right there and the sales person who's trying to sell it is right there, then you're going to be pretty honest about what happened and so on.
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> I think it leads to significantly better storytelling, because I think you end up with almost, you're on show for your own company in addition to the board, and so I find it to be an amazing forcing function for the company to tell the best possible version of what worked and what didn't work, not necessarily positive, but what's really happening.

HOFFMAN: I fully encourage you to borrow Shishir's walkabout board meeting concept for your next board meeting. It's a great way to break free of the hierarchy trap, and get boards and executives communicating with mutual respect.

Number five: Approach board diversity as the strategic advantage it is.

It's no secret that many Fortune 500 companies have struggled with diversity. Corporate boards still unfortunately skew very white and extremely male.

How does that change? Usually in the form of some well-deserved public pressure. Other times, it comes from regulators. For example, California requires public companies headquartered in the state to have at least one female board director, and at least one director from an underrepresented community.

But I strongly encourage you to take a more proactive approach, and shift your mindset towards board diversity as an investment. It's not just about diversifying the board itself; it's also about making sure new members are supported.

And I should add, you need diversity in every sense of the word. You need diversity in industry experience, in expertise, and background in order to have the best radar for opportunities and risks. You need to ask yourself, "What are the places where your board members can help?" And then go after all of those diverse answers.

But the fact is, it's hard to be the first, or only, anyone in the room. This is what prompted Lisa Shalett to found her organization, Extraordinary Women on Boards. Its purpose isn't to get more women onto boards, though those organizations exist too, as they should. Rather, Lisa's group provides a network for those who've already "made it."

> **SHALETT:** I did not intend to create Extraordinary Women on Boards. In the context of leaving Goldman Sachs and having time to meet lots of women who were just finishing up or had just finished up their accomplished careers and were doing what is now called a portfolio career. Often board work would be one of the pieces of the portfolio.
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> And so when I would meet these various women that were being introduced to me by my network, over coffee, one of the things that was quickly seen as a common element was, "Hey, you're on a couple boards. I've just joined one or two boards, and I too am the only woman on my board."

HOFFMAN: Lisa noticed individuals in need of a community. And their needs were specific. It calls to mind Mellody Hobson's practice of always finding a "board buddy."

> **SHALETT:** I want to have conversations with people about board work, but I don't want to be talked over. I don't want to be judged for my questions, and I don't want to have to filter myself. I want to have a community where I can really discuss what it means to be excellent on my boards, which means that I can ask a super basic question, and that's fine.

HOFFMAN: Lisa wanted to gather women who were already on boards, and who could use each other as learning accelerants.

> **SHALETT:** I happened to meet a really terrific person named Dave Chun, who is the founder and CEO of Equilar, a company that was known for its data on compensation and benchmarking.
>
> I said, "Okay, here's what we're going to do. You're going to buy lunch in a private room. I will fill the room with these 15 women board directors who want to meet each other. You will have the world's best focus group. They will have a chance to hear the cutting edge things that you're doing. And since you're buying lunch, they don't even have to pay for lunch, so everyone will be happy." And he said, "I'm in."

HOFFMAN: The first meeting was a success, and Lisa felt relieved.

> **SHALETT:** Afterwards, I said, "Okay, everyone, here are your emails." And every single woman reached out to me and said, "Oh no, you're going to keep doing this.

HOFFMAN: Lisa did, and with each new gathering, the network kept growing.

SHALETT: I would get a speaker from my somewhat eclectic network, and I would do a fireside chat that would enable all of these women to have a broader discussion, to get to know each other, and learn from each other's questions. And everyone would leave the room even smarter, and everyone would have a more reinforced set of relationships, and would go back to their boardrooms and be even more valuable.

HOFFMAN: Extraordinary Women on Boards may be a place for women board members to come together. But its greatest effects may actually be felt once those women return to their boards, armed with new knowledge and perspectives.

Think all the way back to that table of dour old white men in “The Hudsucker Proxy.” The brilliant joke of that film was that these men wielded tremendous power, but no insight. They all thought alike. That’s why diversity of thought may be a board’s greatest asset.

HOBSON: I'm a believer in dissonance. I think that leads to better outcomes.

HOFFMAN: Once more, Mellody Hobson.

HOBSON: I like diverse opinions on subject matter as long as we understand what the decision rights are. Is it leader decides, leader decides with input, do we have to have consensus? In a boardroom scenario, I think those differing opinions can be extremely valuable if harnessed the right way.

I love that line from McKinsey, supposedly, where they say, "Observe your obligation to dissent.” That doesn't mean you're disagreeable or argumentative. It just means you may have a different perspective or a different point of view that can shed light on the issue in a different way. And great leaders harness that.

HOFFMAN: There’s so much more we could cover about how to build the best board, or your first board, or a board that will last. And in fact, every one of these mindset shifts apply to team-building as well.

But if you can come away with one thought, it’s that each board is as idiosyncratic as each business. There’s no one right size, or one right term limit, or one right prescription for success.

Instead, it’s a shift in mindset toward the things that will help boards and management work together like a driver and a navigator in a fast-moving car.

I’m Reid Hoffman. Thanks for listening.