



Boardrooms Need To Have Productive Conflict

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Niren Chaudhary, the former CEO and Chairman of Panera Bread, who currently serves on the board of SIG Group, shares timely insights on productive conflict in the boardroom, CEO evaluation, and trust-building in this The Director's Chair interview.

Reimer: How do you maintain equanimity as directors, in your role as stewards of the organization, when there is so much volatility in the world?

Chaudhary: It's essential that you have the right set of complementary skills, knowledge, and experience in the boardroom to deal with all the challenges that companies are facing right now. I also believe that there should be shorter tenures for board members. These positions are not for life. You don't want to get to the point where people's experiences are dated.

And the culture of the board needs to be increasingly one of divergence rather than convergence. There should be a lot of debate around issues to create some productive conflict. You have to make sure that the minority voices are being heard to avoid any groupthink. Sometimes, certain board members can end up dominating a discussion because they are able to articulate a clear point of view. But there might be others on the board who may not be that close to the details, but whose experience may be very relevant.

Bryant: A big challenge for companies now is creating a sense of "us" within an organization, in contrast to the us-versus-them polarization that is so present in the world at large. How do you do that?

Chaudhary: It's important to remind ourselves at the enterprise level that many things are happening to us that are outside of our control. Because of that, we have to remind ourselves to focus on the stewardship of our brand, the values that the brand stands for, the pillars of what defines our culture, and our own behavior within the enterprise.

It can be tempting for leaders to step out and take a public stand on certain issues. But you have to resist the temptation to take political positions or express points of view on things that don't have anything to do with the enterprise. You have to be maniacally focused on what's right for our business.

Reimer: You're not a technologist by background, but you have led technological transformations. What is your playbook for that?

Chaudhary: The management team has to remember that technology is a means to an end and not an end in itself. It comes down to the same fundamental question of what creates enterprise value—creating a strong consumer proposition, which gives you pricing power, and a strong employee proposition that includes driving efficiencies. That equation remains unchanged, but now you can use technology to drive higher levels of customer satisfaction and to help employees become more efficient.

The leadership team also needs to create the mindset of a learning organization. How do you create an organization that has a structured way of learning these new competencies for applying technology? How are you able to drive a lot of innovations so that you remain relevant in this rapidly changing world? And how can you really move fast to execute and then fail and then relearn and execute again? Those are cultural aspects of learning, innovation, and agility that you need to drive a stronger business model.

Bryant: One of the balancing acts of a board is to support the CEO, but also know when it's time for them to go. How do you think about that?

Chaudhary: It is probably the most important decision that a board can make. Once you've appointed a CEO, you should trust them from the outset. They don't have to earn your trust. You align on the strategy, and then you give them the freedom and encouragement to execute against the strategy. If there are things that you don't like, you have a cycle of feedback opportunities to correct and develop the leader. But if, after a couple of those cycles, it appears that the business is not moving in the right direction and the CEO is not working out, then the board has no choice but to actually move on the CEO. Having the courage to do that is a very important responsibility for the board.

Reimer: What were important influences that shaped your leadership style?

Chaudhary: I've lived in six countries, worked across 50 countries, and led global organizations in different contexts and in different regions of the world. All that experience has made me very curious and taught me that I have to be a lifelong learner. It taught me to always walk into a situation with a sense of wonder, a desire to learn, and a willingness to adapt.

I have also learned that the most important job of a leader is to be trustworthy. And to be trustworthy, you have to be competent and you need to have strong character. Character is about having clarity of who you are, what you stand for, and then being held accountable to those values. It's also about

courage to stand up for what you believe is right, but also have the humility to listen to others who may disagree.

My personal setbacks, including the loss of two of my children, have given me greater resilience. That means falling down but actually getting up stronger than before. You keep moving, keep going, and focus on what you can control, rather than what is happening to you.

Bryant: When you coach and mentor CEOs, what is the most common advice you give them?

Chaudhary: I have found that the single most important attribute for success is to remind yourself to be humble and to stay grounded. As you become more successful as a CEO, there can be a strong tendency to develop a sense of certainty in who you are and how you show up and what you're doing. But you always have to have this voice in the back of your head that keeps telling you that not everything is as it seems. That humility makes you deeply curious, which means you're always going to be listening more carefully.

Reimer: What is an important lesson you learned from a bad manager?

Chaudhary: Whenever I have had difficulty, it's been when I have felt that I am not being treated with basic human respect—when there was rapid-fire judgment not only about my behavior but also my intent. And when that happens in front of the rest of the executive team, it is deeply humiliating. Your integrity is being attacked. Because I experienced that myself, I learned that you must always celebrate people in public and reprimand them in private.

I learned another lesson from that experience. I felt so attacked in the moment that I did not stand my ground. I just kept taking the body blows. I was so stunned that I didn't say anything, and I felt terrible that I did not stand up for myself—if I won't respect myself, nobody else will. I resolved after that moment that if it were to ever happen again, I don't have to be disrespectful, but I can at least express how I feel and request that this conversation be taken offline.

Bryant: If you were interviewing candidates for a CEO role, what questions would you ask them?

Chaudhary: The first question is, what is important to you, and how has that evolved over the years? The second one is, who are you in terms of how you show up as a leader and why? The third is, how do you build trust with people you work with? Tell me some stories of when that went well and when it did not. Finally, share some examples of the impact that you've wanted to have on the business that you thought was audacious, and how you achieved it, got alignment against it, and executed against that audacious plan.

I'm trying to really understand who you are as a human, how you connect with other people, and how you impact the world around you. That is a good construct for asking about the stories that will give you a deeper sense of who this person is.