

THE DIRECTOR'S CHAIR



Directors Have To Stay The Course And Avoid Pivoting To The Flavor Of The Moment

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Juan Pujadas, a veteran leader and board director, shares timely insights with The ExCo Group's David Reimer and Adam Bryant on aligning the board and company culture, building long-term trust among directors, and strengthening governance through purposeful engagement.

Reimer: How have you seen the director's role evolve over time?

Pujadas: Since the start of the century, we've been through some pretty dramatic events, including recession, financial crisis, the pandemic, and George Floyd's murder. What I've been watching for through all those events is whether directors are pivoting to the flavor of the moment or staying the course. What's been really difficult about being a director is how do you steady yourself, rather than overreacting to the crisis of the moment?

We've had so much change, and I often wonder whether we reacted to the changes in a permanent way, or were they simply fads? You can't be a director by acting on the latest issue on social media. The board has to continually ask itself: Are we having the right long-term conversations? Are we practicing the appropriate level of risk management for whatever crosswinds we are experiencing? Or are we, in fact, being blown off course?

You have to go back to the purpose and values of the company, and ask whether you are serving those well, from a customer and employee perspective. You start there and then think through where you need to steer the conversation.

Bryant: How do you create a sense of alignment within the board and the company overall, at a time when the world is so polarized?

Pujadas: Directors need to feel like they are part of the company and be involved in the company's culture. If they're not, then they are just outsiders temporarily attending meetings. They're not feeling the good, the bad, the painful part of the company.

I don't think it kills my independence to wear, for example, a lapel badge with the company's logo. I am a director. I'm proud of the company. That doesn't mean I'm going to agree with the management all the time. But I have to feel like I'm part of the company.

Second, directors need to spend time together. They don't need to be best friends, but they need to know each other. Otherwise, we could just go to a subway station and pick 10 directors for this meeting, and then go to the subway station again a month from now and pick 10 different directors. You need to build those relationships so that you understand why your colleagues on the board have certain opinions.

Reimer: How do you develop a feel for the company's culture?

Pujadas: With every board I'm on, I tell management that I want to be out in the field. I'll ask them if they're comfortable with me talking to employees and getting a perspective by going to field offices and other locations. If they answer no, that's a problem for me. If it's a yes, but the company wants to help coordinate those visits, that's fine.

When I meet people on those visits, I'll ask what they are working on. Are they aware of the broader strategy? Do they understand how their work supports it? Why do they think their job is important? I want to know if they understand how all the pieces are connected and that they are part of building something great.

That said, I find that people are much more connected to the issues that are preventing progress toward the strategy than they are toward the things that are supporting progress toward the strategy. People tend to tell you about the things they don't like more than they tell you the things that they really like.

Junior employees tend to be more positive. It's the middle layer of management that seems to be more negative, in my experience. My overall advice to them would be that they have to get their bosses more engaged with what they do, so that they are helping their boss and their boss is helping them. Otherwise, there's going to be friction.

Reimer: What are the qualities of the most effective lead directors?

Pujadas: The lead director has to have the time to be the lead director. This is not a job that they can delegate to a chief of staff and then pretend that they're the lead director during the meetings. They really need to put the time in. After all, they are curating the strategy.

They are coaching and evaluating the CEO. They are setting the board agenda, reading the performance reports, and the risk reports. And they are a very visible symbol of the company. Of all the directors, they spend the most time in the field with the CEO.

Second, they need to be passionate. They need to love what they're doing, and they need to want to do this. You don't choose someone for the role just because they have an impressive resume. Finally, they need to have an extensive network of people they can reach out to for alternative views and opinions on the company's problems and challenges.

Bryant: When you think about how you approach the role of director, are there early experiences in your life that shaped your thinking?

Pujadas: Not really. It's been one of the more difficult things since I left PwC—becoming a person who asks questions without jumping in and trying to help solve problems. I'm an engineer by training. My brain is wired to try to solve a problem, and that's not the role of a board member.

Reimer: You clearly have a lot of drive, ambition, and stamina. Where does all that come from for you?

Pujadas: I am very close to my father. Growing up, I thought he was a great role model. He was in construction, then banking, then real estate development. I learned a lot. I was always working on trying to connect the dots and figure out how to solve problems. I was engaged in his business from high school. I also love the novelty of new situations.