

THE NEW DIRECTOR'S CHAIR



"It's Important For The Board To Get To Know The Talent In The Leadership Pipeline."

February 24, 2025

Margaret Keane, the former CEO of Synchrony, shares timely insights on CEO and board engagement in this The Director's Chair interview with The ExCo Group's Adam Bryant and David Reimer.

Reimer: How have conversations in the boardroom evolved over the years?

Keane: One change I've seen is that directors are having deeper discussions around strategy. Everyone is trying to figure out how technology needs to be integrated with the strategy they've already laid out. Are we planning for the right pace of change? How are we going to spend our money? What are we going to really focus on? What are our challenges? Do we have the right resources? Do we have the right talent? That's probably been the biggest shift I've seen over the last few years.

Bryant: What have you learned about the best way for a CEO to engage with their board?

Keane: I grew up working at GE, which had a very clear and hierarchical way to operate. You were expected to show up at management meetings with all the answers. But I learned that you need to rely on directors sometimes — "We're thinking about this. Based on your experience dealing with this issue, what do you think?" The big lesson was shifting from the idea that you're working for someone versus working with someone who has leadership experience and who you can rely on for insight and

help.

Reimer: What was your learning curve as a director in terms of how to best work with the leadership teams of companies where you serve as a director?

Keane: The challenge, particularly when you've been a CEO, is that your initial inclination is to want to fix every problem or challenge that they bring to the table. But that is not your job. So I often think about my experiences that I can leverage to help them think about where they are in their journey.

And I always approach those conversations with questions rather than statements. The real value you provide as a director is your experience and the perspectives you can share to help the leaders think through approaches and risks. When you've been around the block a couple of times, there are not many things that are all that new.

Talent and developing talent are also big responsibilities for companies, and I'm not sure they pay enough attention to that. I learned as a new CEO that I had all these incredible people who were really good at execution but were not always the right talent to take the company where it needed to go. That's particularly true when you're in companies that have been around for a while.

It's important for the board to get to know the talent in the leadership pipeline. They can't just be names on a page. And directors need to push to make sure the most promising leaders are being challenged and tested with new development opportunities.

You have to be very purposeful about succession planning. And you have to be willing to have honest conversations when somebody doesn't work out. That said, the board is always going to see the good side of a person, but we're not working with them every day. The board has to trust management on talent and listen to their perspective.

Bryant: What do you see as the three biggest mistakes that boards make when it comes to CEO succession?

Keane: The first is directors thinking that they know more than management about the candidate. Second is the idea that you're going to have the perfect person who checks all the boxes. Yes, the person needs to be smart and know the company and industry. But at the end of the day, the CEO's job is really about motivating people, driving change, growing the company, and bringing in a team of talent who can help execute the strategy. If the person didn't do a stint in finance, for example, I don't think that really matters. Boards can get too hung up on making sure that everyone checks every box.

Reimer: When you've mentored and coached executives over the years, what is the most common advice you share?

Keane: The biggest topic is around team dynamics. The person may be brilliant, but they are not going to be effective if their interactions with the leadership team or their own team are not great. If the leader thinks they're the smartest person in the room all the time, and they're not engaging with their teammates and not listening, that's a big red flag. When people derail, usually it's because of interpersonal issues and their inability to really communicate and drive change.

Bryant: What was the most useful lesson you ever learned from a bad boss?

Keane: The biggest one is not to embarrass someone in a bigger setting. I've seen people who seem

to think that they'll get brownie points for being tough in meetings. But it's not good for the person on the receiving end, and it's also not good for the rest of people in the room, because they'll be wondering if they are going to be next.

Reimer: When you interview candidates for a CEO role, what X-factors are you looking for?

Keane: I'm looking for their ability to communicate. Then, I will spend time understanding how they developed leaders on their teams in the past. What worked and what didn't work? If you're doing your job as a CEO, you're making sure that you have the right people sitting around the table, and that you have the right people coming up behind you.

I also want to get a sense of energy from the person. Because a lot of people don't realize how exhausting the job is. You need someone who's going to be highly motivated to withstand the pressure. So I would ask them about the pressures they've felt in the past, because the CEO role is like nothing you've ever felt before.

Bryant: Where does your resilience, drive and ambition come from to be a CEO yourself?

Keane: It probably stems from my dad getting sick and passing away at a very young age. We were in very bad financial straits. I said to myself that I'm never going to let this happen to me again. I have a lot of trauma over that. It's something that never leaves you. I helped my family through a lot. I worked three jobs while I was going to university.

That said, for all the pressure that come with being CEO, there are aspects of the job that are less stressful when you're in charge. You're not operating things. Your team should be handling operations while you focus on strategy, leadership, the board, and the external market. So in some ways, being the CEO gives you more control over your life and your destiny. You get to decide how much you want to engage with different issues.

Reimer: What's your advice to someone who's considering pursuing board work for the first time?

Keane: First, it's a lot of work. You've got to be willing to roll up your sleeves and do all the reading to understand the current state of the business and the industry. It's a job and you've got to approach it as a job and be aware of the time commitments.

Second, you've got to be interested in the company and feel like the business is something that engages you. Third, you need to spend enough time getting to know the people you'll be working with, because the dynamics among the directors can make or break how great the board is. And you've got to really like and respect the CEO.

Bryant: What do you consider the hardest part of leadership?

Keane: The hardest part is when you have to change out a leader who's always delivered in the past but really isn't the right person for the next stage of the company's growth. When I've done it, I've always regretted not doing it sooner because I knew that it had to be done. As a CEO, if you have a team that's firing on all cylinders, then your job is so much easier.