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Governance Tension Points

ESSENTIAL SNAPSHOT

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Illustrative governance reference only - not a legal instrument, board policy, or diagnostic

Purpose

Governance tension points are the moments where formal authority and actual influence start moving in different directions.

- The board may have a charter.
- The CEO may have delegated authority.
- The committees may have clear terms of reference.
- The papers may look orderly.

The problem appears when behaviour no longer follows the structure.

- A director's question starts shaping execution.
- A Chair's support begins functioning as direction.
- A side conversation settles the issue before the board meets.
- A CEO spends more time decoding expectations than leading the business.
- The minutes record agreement while reservations remain outside the record.

This Essential Snapshot helps Chairs, Directors, CEOs and Company Secretaries recognise the behavioural patterns that weaken role clarity, decision authority and board-executive trust.

The purpose is to make the tension visible early enough for the board to discuss it before it becomes a resignation, failed decision, external review issue, or recurring drag on execution.

Why this matters now
Boards are facing heavier decision loads, increasing stakeholder expectations and more visible questioning of how decisions are made. Governance documents help, but documents do not control behaviour by themselves.

Governance Tension Points sits beside charters, delegations, risk frameworks and approval processes. It helps the board see where conduct is overriding the system.

A board that cannot name these patterns will usually manage them informally. Informal management works until power, conflict, succession, transaction pressure, regulator questions, or CEO-board tension makes the pattern visible.

Before you scroll on...

Could your Chair, CEO and directors all describe where advice ended and direction began in the last major decision?

If that question creates hesitation, it is worth finding out why.

A glimpse inside the framework

These are the kinds of patterns the Governance Tension Points framework helps a board name, test and address.

When Chair support becomes executive direction

Chair involvement can provide useful challenge and perspective.

It becomes a governance concern when the Chair's input operates as an instruction or informal approval, displaces the CEO's authority, or leaves responsibility for the decision unclear.

Signals
⚠️ Chair edits or rewrites management papers
⚠️ Executives seek the Chair's view before going to the CEO
⚠️ The CEO starts presenting work already shaped outside the board process

Governance consequence
❌ CEO accountability becomes blurred. The board may later assess work that its own leadership helped shape.

When director input becomes direction

Directors are entitled to ask questions, challenge assumptions and provide perspective.

The problem starts when management cannot tell whether a director's view is optional input, expected action or informal board direction.

Signals
⚠️ "Have you considered…" becomes repeated operational steering
⚠️ Directors make introductions or requests outside agreed channels
⚠️ Management changes course because a director "seemed to want it"

Governance consequence
❌ Decision rights move from formal authority into informal influence.

When escalation loses its trigger

Escalation should connect to a governance reason - a defined threshold, or a matter serious or urgent enough that it cannot wait. It weakens when matters rise to the board for comfort, political cover or informal validation..

Signals
⚠️ Routine decisions keep returning to the board
⚠️ Directors request more detail without naming the governance purpose
⚠️ The CEO escalates matters because the real authority line feels unsafe

Governance consequence
❌ The board spends time on reassurance. Management learns to escalate for political cover.

Where governance tension appears

Tension point	What it looks like	Governance consequence
Side-channel decisions	The real position forms before the board meets	Minutes record a cleaner process than the one that actually occurred
Re-opening delegated matters	Directors pull delegated decisions back into board debate	Executive time absorbed; board attention moves away from judgement
False alignment in the room	Directors stay silent at the meeting, then raise concerns privately	The board records agreement while unresolved concerns keep shaping behaviour
Founder or shareholder override	Personal authority operates outside the agreed governance channel	Management receives competing authority signals
Committee confidence as board comfort	A committee view becomes the board's view before the board has tested it	Decision quality depends on a small group rather than the full board
Escalation avoidance	People delay raising the issue because it feels personal or politically unsafe	The issue grows until a review, transaction or external question forces it into view

What you receive
✅ Warning signs and reset language for Chair, CEO and director conduct.
✅ A practical separation between board and management roles - when directors are questioning, advising, approving or directing, and when the CEO should decide, report or escalate.
✅ Escalation prompts tied to authority, evidence, thresholds and records.
✅ Connection to Delegation of Authority, Board Approval and Risk Appetite where the behavioural issue exposes a structural gap.

Which next step fits your board?

Situation	Best next step
We recognise several of these patterns, but need a neutral way to test whether they are material.	Complete the Governance Tension Points Assessment.
The Chair-CEO boundary feels unclear or politically sensitive.	Use the Chair/CEO Boundary Assessment
We need shared language for board-executive tension, director overreach, side channels, false alignment and escalation avoidance	The Governance Tension Points Playbook
The pattern exposes unclear decision rights, approvals, delegation or escalation.	Move into Delegation of Authority, Board Approval Framework, or Risk Appetite Statement.

Trigger moments

Governance tension becomes commercially important when timing changes.

Boards tend to act around:

- new Chair, CEO, Company Secretary or committee chair
- board review, external review or governance reset
- CEO-board tension or executive authority strain
- director overreach, founder influence or side-channel behaviour
- M&A, capital raise, succession, PE entry or exit
- audit, insurer, lender, funder, adviser or regulator questions
- strategy delay, executive turnover or repeated decision bottlenecks

If one of these triggers is visible, the board should address the tension before the event controls the timetable.

Why this gets postponed

Boards can recognise the gap, and still delay closing it.

❌ "We get along well."
📌 Good relationships can hide weak authority signals. The test is whether disagreement, escalation and role boundaries still work during a major decision.

❌ "We already have charters and delegations."
📌 The test is whether behaviour follows them. A document that is ignored during board-executive tension has limited practical value.

❌ "This feels too personal."
📌 The framework keeps the discussion at system level: authority, role boundaries, escalation, records and decision process.

❌ "The Chair and CEO can sort this out privately."
📌 Private repair may help the relationship. The board still needs a shared understanding of how authority will operate.

❌ "Nothing has gone wrong."
📌 Tension points often remain manageable until leadership change, transaction pressure, external review or executive turnover exposes the cost

Application across contexts

The Governance Tension Points Playbook is informed by recognised governance reference points (Corporations Act 2001, ASX Corporate Governance Principles, AICD guidance, ISO 37000). It is understood that boards must ultimately determine the governance model most fit-for-purpose for their organisation's size, complexity, and context.

Recognised governance practice provides a reference point. Departures should be deliberate, documented and assessed for their effect on role clarity, decision authority, escalation, board reporting, minutes and board-executive accountability.

The Playbook is adaptable to a wide range of organisational contexts including private companies, listed companies, not-for-profits and government entities.

About This Essential Snapshot

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