

## Institute of Corporate Directors

### Podcast Topic: **Be It Resolved: What Got us Here, Will Not Get us There.**

#### **Rahul Bhardwaj (0:06 - 1:03)**

Welcome to Be It Resolved Season 2, where bold ideas meet courageous leadership. I'm Rahul Bhardwaj, President and CEO of the Institute of Corporate Directors in Canada. Each episode explores the issues that influence directors, governance, and decision-making in the boardroom.

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My guest today is Nik Nanos, Founder and Chief Data Scientist of Nanos Research, one of Canada's leading research and analytics firms, and a recognized authority on corporate strategy, public policy, risk, and big data. Nik's got extensive board experience, having served on the boards of publicly traded companies, not-for-profits, and charitable organizations. He currently serves as the 13th Chancellor of Carleton University in Ottawa.

He's a member of the Order of Canada, and very importantly, also holds the ICD.D designation. Welcome Nik.

#### **Nik Nanos (1:03 – 1:04)**

Thank you, Rahul.

#### **Rahul Bhardwaj (1:04- 2:07)**

Great to have you here today. Now today's resolution, Be It Resolved: What Got us Here Will Not Get Us There. To our listeners, think about it for a moment.

Which way will you vote? Nik, you'll get to vote on this in a minute, but let's set up the discussion. About a year ago, you and I explored whether Canadian boards were too risk-averse to drive economic growth, and what that meant for competitiveness, innovation, and long-term value creation.

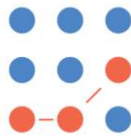
To state the obvious, since then, the operating environments become much, much more complex. Boards have shifted from thinking about risk in linear terms to managing multiple layers all at once. Today, the challenge isn't just identifying risk, it's acting decisively within it.

Nik, if we start there, let's rewind a touch. A year ago, we discussed whether boards were too risk averse. What was your position there, and that'll sort of lead into the conversation on where we are now.

#### **Nik Nanos (2:08 - 4:03)**

Yeah, well Rahul, last year we talked about this whole idea of risk and the importance of broadening the discussion and the conception of risk and how risk is managed. You know, Donald Trump himself, and let's face it, he's the, why don't we just call him the disruptor-in-chief. I don't say that as a positive and a negative, but as a term in terms of his impact on business politics and the economy.





He's disrupted kind of politics, our views on supply chain. We've also talked about public policy risks last year. Thinking about the last year, maybe we should worry less about risk blindness because the thing is, it's there, but we should be thinking about maybe two things.

I'll call it kind of decision paralysis, but also navigation. We always talk about risk management, but we should be thinking about how we navigate. What I worry about, I've sit on a number of boards, and for anyone that sits on the board, so you get these massive packages, there's lots of data coming at you, and I worry about decision paralysis because it seems too complex.

There's just too much data and that for many times board members are overwhelmed. Maybe when we're thinking about this year, the problem isn't really about how you're dealing with risk, but the whole idea of avoiding decision. This goes back to what I was talking about.

It's kind of like you're shooting the rapids, the board is shooting the rapids of risk, and you have to figure out when do you put your oar in the water, what do you need in order to make those decisions, and to think about how you're going to navigate risk from a long-term perspective as opposed to firefighting today. I think that's where things are going right now, and I think boards really have to rethink when those risks are put on the table, how they navigate those risks, and what kind of data they need in order to effectively do that.

#### **Rahul Bhardwaj (4:04 - 5:30)**

I'm going to come back to that overload point. Really important. It was a big theme at our ICD conference in Halifax about a month ago.

When we talked about this a year ago, there was a sense that risk is real, are boards up to the challenge, and I think there was a sense that maybe boards are a little too risk averse. Let's not cast the net too wide here, but fair to say a year later, we're doing pretty good. About a year ago, there was a big uh-oh.

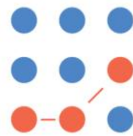
I think the government, they've done a certain amount of work in stability. We've seen the corporate sector and boards do relatively well given where it could have gone. Now the question is, and I think you've really sort of nailed it here is, is that muscle enough to get us through what's going to be a clear shifter you call, disruption in the future?

Starting with overload, I think is a really interesting point because this is where the rubber hits the road for boards and directors. You're right. When you've got a 1,000-page risk register for a financial services organization, how are you going to start to process these?

AI is a different tool. We'll talk about that another day, but the reality is you still have to come to terms with this. We're seeing overload at a time when boards really need to be agile.

The notion of decision paralysis, are you seeing this, or are you seeing the seeds of that being laid in front of you, and it causes you concern?





**Nik Nanos (5:27 - 7:21)**

I am starting to see it, but here's the good news. When we look at public opinion, the thing is I'd always kind of say CEOs and people on boards, there are a lot of things that are similar. When there's a significant change, there's an initial reaction of how bad or how good might this change be. It's almost kind of like an initial reaction, and it's significant. But what we always find is that after the initial, why don't we just call it shock, then things start to settle down and that what we see is a better trajectory. Maybe the best way to think about it is when I see boards start to break down, here's what we control in terms of managing and navigating risk, and here's what we do not control in managing and navigating risk.

And what I always worry about is boards being distracted by things they cannot control. From my perspective at least, the most effective boards in the last while that they've been able to manage all the different things that have been going on have been the boards that have said, okay, this is the change that's happening. We don't need to have a debate on what is happening.

We know what is happening. The question is, what is within our control, and how do we navigate? How as a board do we navigate the risks for the things that we control?

And then how do we get the leadership team from the organization to focus on those things that we can control and how can everybody work together? And I think once I see boards get on that path, then the views on how to manage risk and the discussion around it actually become much more focused. They become much more practical and they have a real impact because everyone gets aligned in terms of what the focus should be and how that navigation should take place.

**Rahul Bhardwaj (7:21 - 7:48)**

You know, Nik, we're really aligned on this point. I was making the point around agility being critical to resilience. When most people hear agility, they think, you know, quick pivots and moves.

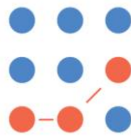
But I was trying to make the point that being agile, it doesn't mean just being fast. It has to mean doing what matters and focusing on what matters. And I think that's what you're saying here, but it's easier said than done, isn't it?

Especially when you're really overloaded, trying to figure out what matters is not the easiest thing.

**Nik Nanos (7:48 - 9:29)**

Well, yeah, especially if you read the newspaper or watch the news, let's face it, your natural inclination might be to yell at the newspaper when you read it in the morning and think about here's another thing that we have to deal with. Let's think about what the responsibility of board members are. The responsibilities of board members are to take a step back, to focus on the big picture and to help guide.





They're not making decisions, but they're guiding the organization. And they've got to be at the very top of the list of keeping their powder dry when there are things in the media or things that happen that your natural inclination would be to kind of perhaps react quickly. Maybe the key takeaway here is to just be stoic, almost, in the way that you deal with these things.

Not completely deadpan, but the whole idea of why do you get, I'd always say people complain about bad weather. It's like, why do you complain about bad weather? It's like complaining against mother nature.

You cannot control that. Accept what it is and then adapt accordingly. And I think the adaptability factor is critical for board members in terms of accepting the risks and fully understanding those risks, but then saying, what can we control?

What can we do? How can we be agile and how do we need to change? And also to break those out in terms of what do we need to do in the short term?

What's the medium term and what's the long term? Because if you're dealing with everything at the right time, sequencing, we haven't talked about this, sequencing the navigation of risk, sequencing the management of risk strategically is probably just as important in order for the board to be focused and for the leadership team in order together for them to navigate the risk that takes place.

**Rahul Bhardwaj (9:29 - 9:49)**

That's a very rich conversation around something that I think a lot of directors are struggling with, both individually and as a group, they review their material on their own. You introduced me to a very interesting phrase, data rich, but conviction poor. I thought that was a really good way of looking at it.

Do you want to flesh that out a little bit?

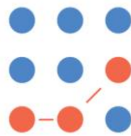
**Nik Nanos (9:49 - 11:49)**

The thing is, is that I'd always say that organizations are successful for a particular reason. It can be kind of the value that they deliver. It can be the mission that they have.

It can be what drives the organization. And you know, the thing is, is that I see these as kind of the fundamental values or building blocks behind the success of an organization. And you know, the thing is, is that when we're talking about risk, there's the data of what is happening, like the facts of the matter of what is happening.

But at the same time, when we're talking about navigating risks, we have to talk about the way that we navigate these risks have to align with the values and the mission of the organization. We can't lose ourselves as we try to firefight something because it's material to the corporation, because the fact of the matter is, is I see the board, and I'd like to say this is





my personal opinion, I see the board as the guardian of the ethos of the organization. It represents shareholders, but it's there to be the guardian of the values of the corporation, to be the guardian of making sure that we achieve our mission and that everyone is aligned and that the organization continues to deliver value.

And that's the lens. We have to worry about, I'll call it the fire hose of data coming in on the risk front, and that colliding with someone at the table, you know, I'd always say someone when the facts and the data is presented, because there'll be lots of data presented, someone around the board table needs to put up their hand and say, okay, yeah, I know we have to deal with this. What does this mean for us in terms of who we are as a company?

What does it mean for us in terms of the values that we represent? The mission that we have and what we deliver to our customers day in, day out, and to make sure that we do not lose ourselves in how we try to navigate and get through these risks.

**Rahul Bhardwaj (11:49 - 12:07)**

You've been consistent about that in all our conversations. It's don't lose sight of the purpose. It's not the taglines, it's not the slogans, but it's the deep purpose of the organization that really matters.

And you've been consistent that in a more riskier environment, it's tougher to do, but don't get lost.

**Nik Nanos (12:07 - 12:21)**

Yeah. You can forget yourself. Are you going to start to take shortcuts?

Are you going to do something that might be different than the past? And I think you have to make sure that you don't lose yourself in the process of getting through these disruptions that you're facing. Right.

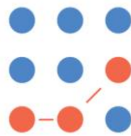
**Rahul Bhardwaj (12:21 - 13:03)**

Don't do easy in the search of simple. Let's broaden the lens a touch.

We're looking at boardrooms and directors, but they exist in an ecosystem, at least in Canada, and there's a lot going on in Canada. Let's talk a little bit about how boards in Canada can help align or at least navigate these changes. And what I'm really driving at there is we've got everything from Arctic infrastructure, energy corridors, critical mineral projects, national defense.

Things are hopping on so many levels, but boards have to evaluate their long-term risks and opportunities within this environment. How should they be thinking about it in the context of national resilience and building economic growth?





**Nik Nanos (13:03 - 15:54)**

They should be looking at it in terms of an opportunity, that all this disruption and change that's happening. I think we are at a particular moment in time where we're at pivot point in the Canadian economy and Canada's future. And the reason why we have that pivot point is because of the, what I'll call it, the discussions related to the Canada-U.S. relationship and how that has had Canadians, leaders, business leaders, CEOs, board members, average Canadians, and politicians thinking about, how do we do things? And in the past, I think part of the problem is that we did things just because we did it the same way all the time. And what we're seeing, at least, is a government and Prime Minister Carney looking to not revolutionize the Canadian economy, but to, I'll call it, recalibrate for resilience. And I think board members have to look at this as an opportunity.

And I do not see this as a partisan initiative, because the fact of the matter is, whether you talk to Mark Carney or Pierre Poilievre, they agree on a number of things. They agree that the relationship with the United States is the most important relationship. They agree that the world has changed.

They might have different specific strategies. They both want a resilient economy, and they both want diversified customer base for Canadians. So, I think the big question for boards is, knowing that there is a political will, almost, I'll call it a consensus, a political consensus, on resilience and Canada becoming economically stronger, the big question is, how do boards and organizations leverage that?

How do they participate that? How do they start having those same conversations in terms of, yes, most of our customers in the United States, and the United States will continue to be an important market for us, but should we have a long-term strategy in terms of exploring Europe or exploring Asia as secondary or alternative markets to the United States, knowing that the United States will always consistently be the most important trading partner and customer for us?

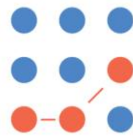
And I think boards reading into what the direction of the country is, because organizations do not live in a vacuum. They live in an ecosystem, a national and international ecosystem, and you know what? These discussions about resiliency, supply chain resiliency, customer resiliency, are actually taking place around the world.

It's not special to Canada. And I think boards have to look at what's happening internationally and go what does that mean for us? And what does it mean for not just how we navigate and manage risk, but how we take advantage of new opportunities that could present themselves?

**Rahul Bhardwaj (15:54 - 16:45)**

Let's dig a little deeper on that one, Nik. You're serving on a number of boards, and opportunity seems to be a thread that you're pulling a lot through this. Where I really want to go here is you can forgive directors if they've gone through a decade or at least five years of uncertainty, now they've got rupture.





You can forgive them if they get a little gun shy here. They've been seeing a lot of risk everywhere, and you couldn't blame them if they're getting a little defensive. But your focus is on opportunity.

So, when you've got this momentum that says risk is just growing and we've got to be more defensive, but opportunity is the way forward and standing still is not an opportunity. If you bring that into the boardroom, what type of conversations do you see happening right now? Which ones are you involved with, or what are you seeing with your clients even in those conversations around opportunity?

**Nik Nanos (16:45 - 18:29)**

I find the most positive dynamic that I've seen on boards and boards that I've served on is where each and every board member feels like they are a leader. They are not passive individuals sitting in the chair, reading board notes, putting their hands up or their hands down, but that they are a leader. The thing is that if you think of board members as leaders, and this doesn't mean that you're in the front line, and this doesn't mean that you're making decisions, but that you have a leadership responsibility for the organization, then not only do you care about the organization, but you start asking questions.

And I'd always say asking questions is more powerful than answering and directing people. Because when you start asking questions like, could we do this? What do you think about that?

You open up a discussion, not just with your fellow board members, but also with the leadership team. And you know, I'd always say that for the organizations that I've been part of, when I look at the leadership, the executive team that's running the organization, they're amazing. They're brilliant.

They do a great job at managing the day to day. But the thing is, is that many times, because they're so focused on delivering now, delivering in this quarter, delivering this year, that they almost need colleagues to kind of say, hey, what about this? Have you ever thought of this particular opportunity?

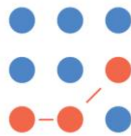
And should we start to nurture? Should we think about how we can nurture those opportunities? And to get those executives that are leading the organization and kind of on the front line to periodically think in a longer term horizon and to promote those types of discussions.

**Rahul Bhardwaj (18:29 - 19:20)**

That's great. You're talking a lot about board effectiveness, which is obviously, you know, at ICD, this is our bread and butter. This is what we're focused on.

So, what I want to touch on, I really like the notion of directors as leaders, because clearly it's a space that we're very active in as well. But how about the counsel to those boards who





might not have built that muscle quite right now? What would you suggest to them and how they might do that?

And I'll tell you why I'm framing it that way. There's also a narrative out there that some boards are saying, listen, in all this disruption and uncertainty, can we just get back to basics? Right?

Right. Everything else is just noise. Just stick with the basis.

So let me reframe that again. How do we build this muscle of leadership? And is that a little bit of a pushback on back to basics? Or is that perhaps even quarterback to basics?

**Nik Nanos (19:20 - 22:00)**

You know what, Rahul? I think if you think that you should be going back to basics, you've already lost. Like you're done.

Because I think the new normal, let's face it, we've had in the post-World War II era, we've had an unprecedented level of general stability and lack of change. And you know what? It wasn't going to last forever.

But the world has changed. We have to start off by saying, we have to acknowledge that the world has changed. Whether you think that it's a rupture, whatever you think, I think we can all agree that the world has changed and it is going to continue to change and it's going to be much more complex in order to navigate in that.

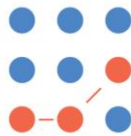
So, I think going back to the way we did in the past, I see that as a complete denial of reality. I think to build up that muscle, you have to start with culture, board culture. And I don't think, the way I look at it, you don't need to kind of say, you know what?

Our board is with the past. You only need a couple people to start the conversation because the fact of the matter is that if you're serving on a board, odds are that you are already an accomplished individual. You already have experience that you can bring to the table.

You already are knowledgeable about the enterprise. That's all you need is to start a new conversation with that. My view is that the board chair always plays a key role in the culture and discussion of the board.

In my view, that's one of the special responsibilities that the board chair has in terms of creating that culture. And, you know, the thing is, is that regardless of where the board chair stands as to whether we need to go back to the way it was in the past, I think the fact of the matter is that's all it takes is one or two people on the board and just to basically promote a particular culture. Now, that being said, this can't happen unless the executive team is on board.





Let's face it. This is a partnership between the executives, the professionals that are running the organization and the board that's exercising oversight. This culture needs to act.

This culture of what I was saying, preparing for the future, being more resilient, having discussions about opportunities. You can't have one partner locked in the past and another partner on different things. Maybe one of the first things that needs to happen is to make sure that the board members and the management team are synchronized in terms of culture.

This is where specifically the relationship between the CEO and the board chair are critical. In my experience, I've been on boards and you'd see sometimes the board chair and the CEO don't get along. You feel it.

And when they do get along, everyone is energized. I would say focusing on culture and just building it up over time by having those discussions.

**Rahul Bhardwaj (22:00 - 22:39)**

That's great, Nik. We've got a saying at the ICD, better boards, better decisions, better Canada. Getting those better decisions is not just the board.

It's both sides of the board table. It's an active and knowledgeable management team working in harmony with the board. That's absolutely key to all of this.

And I love the fact that you said nostalgia is not a strategy. I think that that's pretty key and that's the way forward for all of us. Well, Nik, this has been a fantastic conversation today.

I'd love to get your thoughts on the resolution. And just to remind you, it's Be It Resolved: What Got us Here Will Not Get Us There.

So, do we have what it takes or do we have to make a big shift? What do you think?

**Nik Nanos (22:39 - 22:55)**

I think we have to make a big shift. And I agree that we must change and that those that change and adapt and are able to navigate will succeed and there'll be dividends for everyone all across the board.

**Rahul Bhardwaj (22:55 - 23:20)**

Excellent. Nik, thanks so much for joining us today. Really enjoyed the conversation.

To our listeners, I hope you enjoyed today's episode of Be It Resolved and gained valuable insights for your boardroom. If you found today's discussion thought-provoking, we encourage you to subscribe and leave a review on your preferred podcast platform. From the Institute of Corporate Directors in Canada, I'm Rahul Bhardwaj.

Until next time.

