



Gone Rogue, Now What?

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You are on the board of a small organisation. You (and perhaps other board Members) suspect that the Chief Executive Officer (CEO) has gone rogue. He/she is abusing his/her position to make decisions that are in his/her personal interest, which are not necessarily in the best interest of the Company. Some senior executives and other staff members may be involved or too afraid to blow the whistle.

This **KWIK series** aims to start conversations amongst individuals, social groups, and in organisations. We share practical knowledge – built up over decades, and which would have helped us if we knew it earlier. We believe that people between 25 and 45, if they have access to this knowledge, are ideally placed to lead society to help rebuild South Africa.

Think About

- Is the CEO overly defensive?
- Is he/she accusing the board of being “too operational”?
- Are board papers often sent at the last minute?
- Does the CEO often miss deadlines or fails to answer questions from the board members?
- Are the CEO/other executives not forthcoming with information requested by the board?
- Is the information provided often “sketchy” or incomplete?
- Is there a “good news culture” or “watering down” of reports to the board?
- Are there “red herrings” when dealing with thorny issues?
- Are key staff resigning or dismissed by the CEO?

You have just discovered or suspect that the CEO has gone rogue. You have considered the questions or issues raised above and unfortunately you can tick most of them. Other board Members have spoken to you in confidence, or the Board has had this discussion. Employees have spoken to you in confidence or there are anonymous reports on your ethics or whistle blower’s line. In line with good governance and as a board (or individual board member) it is your right/duty to act in the best interest of the organisation. This often gets tricky. Not all board members may be prepared to take on the challenge. Some of them may not even agree with you. Others may be time poor and really don’t want to “get their hands dirty”. You may even suspect that one of the board members is very close to the CEO or may be working with the CEO. Notwithstanding these challenges and many others, the board is duty bound to act.

What can/should the board do?

- **Investigate:** The board can initiate an internal or external investigation to gather evidence and ascertain the extent of the wrongdoing, if any.
- **Suspend or Remove:** If there is clear evidence of misconduct or wrongdoing, the board may suspend or remove the CEO and members of the management team who are involved. Follow the procedures outlined in the organisation’s disciplinary process.
- **Take Legal Action:** If the actions of the CEO points to illegal activities, the board should initiate legal proceedings. Note that if the amount exceeds R100 000 the matter must be reported to the South African Policy Services, as per the Prevention and Combating of Corrupt Activities Act 12 of 2004.
- **Communicate with Stakeholder:** The board should inform the organisation’s stakeholders, such as donors, members, and employees, about the situation. It may be necessary to request additional funds from the organisation’s principals or secure funding by other means. Transparent and timely communication can help maintain trust and support.
- **Whistle blowing:** Take staff into your confidence and encourage them to come forward with relevant information. Ensure that the organisation can protect whistle blowers from victimisation and/or abuse.
- **Review Governance Structures and Policies:** The board may need to review and strengthen its governance policies, code of conduct, financial controls, delegation of authority etc.
- **Appointment an Interim CEO:** The board must appoint an interim CEO or designate specific individuals to assume temporary leadership role until a permanent solution is found.
- **Engage Legal Counsel:** The board should seek legal advice from an attorney specialising in labour law matters. They can provide the board with guidance on the course of action, ensure compliance with legal requirements, and protect the organisation’s interests throughout the process.

- We provide coaching and mentoring sessions for young leaders wishing to equip themselves with knowledge to make a difference in society.
- Sessions take place face-to-face or online, one-on-one or in coaching circles – as suitable for participants.
- Requests for topics to be covered in this series are welcome.
- Other Lucidum Learning resources are available on our website at www.lucidum.africa.

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