

Power Struggle in the Boardroom: Lessons from Paramount Global's Governance Challenges

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Abstract. This case explores the challenges faced by Paramount Global between May 2023 and August 2024, a period marked by declining performance, the pressing need to adapt to shifting industry trends, and the evaluation of multiple acquisition bids. Central to the case are the internal power struggles and boardroom conflicts that emerged during the assessment of these bids. Paramount's dual-class share structure, which grants unequal voting rights, empowered Shari Redstone, the executive chair and majority voting shareholder, to prioritize her self-interest and personal agenda. This dynamic led to tensions, divergence from the company's broader interests, and a compromised evaluation of the acquisition bids. The case provides a framework for discussing critical corporate governance challenges, including the complexities of dual-class share structures, the risks posed by self-interested leadership, and the broader implications of conflicts of interest in strategic decision-making processes.

Keywords: corporate governance, dual-class share, board of directors, conflict of interest, shareholders, self-interest, power.

On a warm afternoon in August 2024, Dawn Ostroff sat in her home office, sunlight streaming through the curtains and casting patterns on the wooden floor. She leaned back in her chair, her eyes locked on the latest news headlines flashing across her laptop screen: Paramount Global had accepted one of the bids received over the past couple of months and was on the verge of finalizing a significant merger deal. Any news related to Paramount caught her attention instantly, and today was no different. As she scrolled through the article, a wave of mixed emotions surged within her. The announcement stirred memories of the past year, when she had joined Paramount's board in May 2023. Filled with optimism and eagerness, she was determined to help steer the company through its transformation from traditional media to the rapidly evolving world of streaming.

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Back then, it seemed like the ideal opportunity for Dawn to leverage her extensive background in both traditional and digital media to help propel Paramount into a new era. With years of experience at major media giants, she was confident in her ability to guide the team through uncharted waters, particularly in growing Paramount+, the company's new streaming initiative. However, the initial excitement soon gave way to the harsh reality of the boardroom's complex and often contentious dynamics.

As she reflected, Dawn could still feel the weight of those exhausting months. Instead of engaging in conversations about boosting audience engagement or creating innovative content to build a more competitive business model, she was pulled into relentless internal conflicts. Every meeting devolved into a battlefield where power struggles, control, and self-interests overshadowed the company's very survival. Shari Redstone, chair of the board and head of National Amusements Inc. (NAI), which controlled 80% of Paramount's voting rights, fueled the tension. Competing visions within the boardroom cast a long shadow over Paramount's future, particularly as the board began evaluating multiple acquisition bids.

Dawn thought back to the endless meetings that had exhausted her energy and enthusiasm. Her high-profile career, marked by notable successes, had not prepared her for this degree of frustration. The responsibility she carried felt disproportionate to the authority she wielded. It was this profound sense of powerlessness that led her to resign in April 2024, just shy of a year after she had joined.

As Dawn continued to read the article, the memories of her time at Paramount felt far longer than they truly were—a period defined not by strategic wins but by the relentless push and pull of competing interests and missed opportunities. But what had really unfolded in Paramount Global over the past year?

1. History of Paramount Global

Paramount Global, an American multinational media and entertainment company, was formed in 2019 through the merger of CBS and Viacom. However, the company's origins trace back to the early 1900s with the founding of Paramount Pictures in 1912. Over the decades, Paramount Pictures played a significant role in shaping Hollywood, producing iconic films such as *The Godfather*, *Titanic*, *Forrest Gump*, and the *Indiana Jones* series, establishing its legacy as one of Hollywood's "Big Five" studios.

Paramount Pictures underwent significant transformations throughout the 20th century, expanding its reach from film to television and later into digital media before eventually becoming Paramount Global (Exhibit 1). It is now a major media company with businesses in three main segments of TV Media, Direct to Customer, and Filmed Entertainment (Exhibit 2). Over time, Paramount