GOOD [TO GREAT] GOVERNANCE COMPENDIUM

A RESOURCE CREATED BY
BOARDROOM EXCELLENCE AUSTRALIA
& GBAS

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INTRODUCTION

When I was a lawyer among the many obligations required to practice was the need to undertake compulsory professional development. Each year we were required to notch up 10 hours of seminars and courses that met our individual practising needs. I always tried to accumulate as many as possible in one hit, whilst attempting to maximise enjoyment at the same time, so my conference of choice was the 2 day Australian & New Zealand Sports Law Association conference. I usually gave myself 6 hours from this enterprise, a good start on the yearly tally.

Since becoming a permanently happy ex-lawyer and devoting my time to governance, both on boards and advising and training directors and boards, I have never done so much voluntary professional development. Every day is an opportunity to read more, learn more, grab that nuance, ponder that other point of view, address a new practical tool or insight, or consider how what goes on in the Qantas board's "governance black box" (or not) has direct relevance for its much smaller public, private and not-for-profit counterparts.

This compendium complements the recently released Australian Golf Club Governance Report prepared by Board Surveys and GBAS. Organised by chapters that reflect the four key recommendations in the report, each contains a number of articles that provide additional insight and resources around the key topics.

These curated articles are but a sample of the resources available to directors with curious, creative and contemplative minds. Readings such as these are intended to provide a simple way to dip in and out of the broad topics that are the subject of the Report and of the Forum itself. They contain ideas, propositions, insights and tools that may pique your interest and suggest ways that your club board might do things differently. After all the thing about governance is that rarely does 1+1 equal 2, and the answer to many a question, query or inquiry is often "it depends".

Knowing that good governance of golf clubs is essential to their success, I hope you will find many useful and practical insights in these articles to help you with your board's governance practices.

Margot Foster AM OLY
Boardroom Excellence Australia

PURPOSE AND ROLE OF THE BOARD AND DIRECTORS

10 Basic Responsibilities of Board Members

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BOARDEFFECT
DECEMBER 20, 2019

All organizations are unique in their own right. Even so, every board of directors has some of the same basic fundamental responsibilities. Organizations may operate for profit or charity. They may be membership-based or non-membership based. Organizations may be new or long-standing. They may have a strong financial base or they may be a struggling start-up. These are the types of characteristics that determine the manner in which the board fulfills its responsibilities. The board's role also varies based on the organization's purpose and vision. As organizations grow and evolve, and the world they operate in grows and changes, the board is responsible for reviewing the changes and making adjustments that are in the best interests of the organization.

Regardless of an organization's health, type, or status, boards have the following 10 basic responsibilities:

Establish the organization's vision, mission, and purpose.

The organization's vision is the founding members' view of what they want the organization to be and what purpose it serves. The board is also responsible for writing a mission statement, which is what the organization intends to do to fulfill the vision. The board should consider the vision while doing its strategic planning to ensure that their planning continually aligns with the vision. Everyone who is directly or indirectly connected with the organization should be aware of the vision and the board plays a large role in that.

Hire, monitor, and evaluate the chief executive.

Boards have the task of identifying, recruiting, and appointing the most qualified individual they can find to serve as the chief executive. In addition, the board writes the chief executive's job description. Before conducting an executive search, the board needs to consider the organization's needs, strengths, and weaknesses in considering the skills and abilities that a leader can bring to help the organization move forward. The new leader should be clear on what the board expects for his or her first year of service.

Provide proper financial oversight.

Board directors work together to establish a budget and ensure that there are proper internal controls in place for incoming and outgoing funds. Even small companies and startups should have an audit committee and do an internal audit every year.

Ensure the organization has adequate resources.

Every organization needs resources and it's the board's responsibility to ensure that every part of the organization has adequate resources for the organization to meet its obligations and fulfill its mission. Boards need to carefully consider the best way to allocate money and other resources for the benefit of the organization and its stakeholders. Nonprofit board directors should expect to make regular donations to the organization and use their personal and professional network to advance the mission of the organization.

Create a strategic plan and ensure that it's followed.

Boards set goals and objectives according to a strategic plan so that they have a guide for how to meet the organization's goals. A SWOT (strengths, weaknesses, opportunities, and threats) analysis is usually part of the strategic planning process. The strategic plan may be done every year or every few years. Strategic planning should account for short and long-term goals. Boards monitor progress on the goals based on reports received from management.

Ensure legal compliance and ethical integrity.

All organizations have to abide by rules and laws. Board directors have a fiduciary duty to ensure that their organization is in full compliance with its legal obligations. Board directors should behave in a truthful, ethical manner and thus, set an example for others. Legal compliance also entails setting up policies to establish acceptable behavior such as the Whistleblower policy, Code of Conduct, and Code of Ethics.

> "...boards need to ensure that they're protecting the organization's assets and managing them responsibly. Board directors have a legal duty to be transparent and accountable for their actions and inactions."

Manage resources responsibly.

Board directors are accountable to many individuals and groups. For this reason, boards need to ensure that they're protecting the organization's assets and managing them responsibly. Board directors have a legal duty to be transparent and accountable for their actions and inactions. Board directors are generally protected from liability for judgment errors as long as they act responsibly and in good faith and do proper due diligence when making decisions.

Recruit and orient new board members and assess board performance.

The board is responsible for recruiting, nominating and appointing new board directors that have the right mix of skills and abilities to help the organizations fulfill and advance its mission. Boards need to be as objective as they can be about their own performances. Most boards do a self-evaluation every year with the goal of identifying their weaknesses and forming a plan to improve the board's performance.

Enhance the organization's public standing.

Reputation is an important factor in an organization's functioning. The board serves as a link between the company and its stakeholders. Every interaction with stakeholders presents opportunities to share the organization's culture, mission, accomplishments, and goals. Stakeholders expect boards to be transparent and accountable. Organizations that operate openly and honestly enjoy the benefit of having a trusting relationship with their stakeholders. It's important for boards to have a designated spokesperson who can effectively articulate the organization's good work or answer to stakeholders in times of crisis.

Strengthen the organization's programs and services.

Boards decide which programs most exemplify the organization's mission. By factoring the organization's resources and demands, boards can make decisions about whether their current and proposed programs and services align with the organization's mission and purpose. When programs compete for funds and other support, boards have to make tough decisions about priorities.

> "Boards need to be as objective as they can be about their own performances. Most boards do a self-evaluation every year with the goal of identifying their weaknesses and forming a plan to improve the board's performance."

What does great engagement in the boardroom look like?

BOARDPRO
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Any board member who experiences enriching board meetings may talk about having had a great 'debate'. Well, perhaps. Strictly defined, however, a debate is a contest with participants pitching two opposing and irreconcilable positions against each other. The result is a win for one side and a loss for the other. These are not characteristics of a productive and satisfying board meeting.

So, what has happened in those particularly satisfying board meetings is not debate. It is most likely to have been a distinctly different mode of discourse, widely known as 'dialogue'. Dialogue involves deep, honest, inclusive, and respectful interaction among participants. It starts from the expectation that board members will bring different ways of seeing things and that they will engage in a way that leads to a more thorough understanding of those differences. And, as a consequence, board member engagement will lead to better decision-making.

Typically, definitions of dialogue describe it as '... shared inquiry, a way of thinking and reflecting together.' Dialogue seeks to harness the 'collective intelligence' of a group such that together, its members are more aware and smarter than they are on their own. (Isaacs, 1999, 11)

Dialogue has numerous advantages over debate for boards. This type of communication:

› *increases the likelihood that all board members will be 'heard', regardless of status*

› *actively seeks a deeper understanding of each perspective (and, in the process, challenges generalisations and unsubstantiated assertions)*

› *supports feelings (and a more comprehensive range of them) to be expressed*

› *encourages greater honesty and openness*

› *makes explicit otherwise unexamined assumptions, beliefs, preconceptions, and biases*

› *generates learning, produces new options and encourages innovation*

› *is a way to help bridge gaps between adversaries*

› *avoids forced, sub-optimal compromises to which there is no real commitment*

No matter what we call the process that produces these benefits, unless board members feel heard and engaged, and if their knowledge and concerns are not considered, all bets are off. Any agreements the board makes will not be lasting, and successful implementation of any plans on which those agreements are based, unlikely.

Vital preconditions for productive boardroom discourse

A commitment to learning

An organisation's mission must include effective communication between its board members. This means creating a learning community whose members are not just open to new information and ideas but active in their pursuit. Each member of the board must be confident that their colleagues will:

› *genuinely value their contribution*

› *receive questions and comments with an open and positive attitude without negative predisposition or bias*

› *actively listen to what they have to say rather than just pausing while they talk*

› *ask for their help, work with their suggestions, and demonstrate respect for their judgment and intentions, and*

› *be interested in knowing them as a person and will appreciate and keep in mind their individuality when listening to their questions and comments.*

A recognition of the power of questions

A board can act more decisively and confidently when it has conducted a thorough inquiry than if it is just relying on a narrow range of information, resources, opinions, and perceptions. For that reason, rather than having all the answers, board members are more effective when they can frame and ask good questions. Effective questioning helps both boards and their executive team to develop a broader and more in-depth understanding of critical issues facing their organisation. An effective questioning strategy can also open the door to fresh thinking and new insights and ideas.

> "...board members are more effective when they can frame and ask good questions. Effective questioning helps both boards and their executive team to develop a broader and more in-depth understanding of critical issues facing their organisation."

On the contrary, too many senior executives describe board meetings as like facing an inquisition. Therefore, an essential skill for board directors is not only knowing what questions to ask but how to ask them. Effective board members approach board meetings with a learning mindset. They shape questions that seek to understand avoiding judgmental or accusatory terms and tone. If executives (or, for that matter, fellow board members) feel under attack, it is understandable that they will respond defensively and be, generally, less forthcoming in any board discussions.

These issues goes to the heart of the board's culture. When questioning is handled poorly (or even discouraged), it allows crucial assumptions to go unacknowledged and confidently expressed assertions untested. Prejudice and complacency can persist along with a distorted sense of reality. Conclusions reached may be ill-founded and decisions flawed.

> ***"Effective board members approach board meetings with a learning mindset."***

> "Dialogue will not flourish unless the board chair creates a suitable environment. In part, this means encouraging and supporting honest exploration of ideas or propositions even when rejected by some board members."

Effective board leadership

A third and, arguably, a crucial factor is the capability and impact of the board chair. Effective leadership of boardroom proceedings is the most fundamental responsibility of the board chair.

However, experience tells us that high-quality dialogue does not occur naturally or thrive easily in many board meetings. Too many board chairs treat board activities as a race against the clock. Each agenda item is a hurdle to be cleared as quickly and expeditiously as possible. In the process, rather than acknowledging divergent views, these are batted away, and those expressing them too easily styled as troublemakers.

Dialogue will not flourish unless the board chair creates a suitable environment. In part, this means encouraging and supporting honest exploration of ideas or propositions even when rejected by some board members. Individually board members will feel valued and more inclined to engage fully (including being willing to change their mind) when their contributions are treated seriously and built into the thread of discussions.

Board work is an intellectual rather than a 'hands-on' activity

Many board members, particularly in smaller organisations, never come to terms with this fact. Further, board members work together relatively infrequently. The time between meetings makes it challenging to achieve continuity of thought and to develop dialogue-related teamwork.

Developing the competencies, both group and individual, needed for 'thinking things through' to reach agreed and soundly based conclusions, is central to the developing any high performing board.

A psychologist watched our board meeting and called out my 'derailers'

AFR LOUISE MCELVOGUE
17 NOVEMBER 2021

My phone rang in the first coffee break of the day.

"We talked about your 'truth bombs' remember? How you need to bring your colleagues along with you before you share your insights?"

Rob Newman, my organisational psychologist for the day, continued. "Your insights might be accurate, but your delivery made people defensive. I saw someone physically wince."

Now I was the one wincing, at the real-time feedback from Newman, who was observing our board meeting to analyse the dynamics between individual directors. Newman was calling out a "derailer" that he had highlighted in my psychometric personality analysis, conducted before the meeting. Now he had a real-time example of that behaviour and its impact on the group dynamics.

Newman is a partner at Change Focus Group and specialises in board and executive dynamics, leadership coaching and organisational culture.

Psychological analysis of behaviours, social norms and decision-making of teams and boards has become an increasingly important measure of culture for a range of regulators, including the UK's Financial Conduct Authority and Dutch prudential regulator DNB.

The Australian Prudential Regulation Authority's 2018 Commonwealth Bank inquiry used a psychological lens and assessed that one of the weaknesses in the banks was a culture that discouraged constructive challenge. The Australian Securities and Investments Commission used a psychologist in 2019 to observe how directors' mindsets and behaviours influenced oversight of culture.

Newman is not analysing boardroom behaviour for regulatory purposes, but to improve the way directors interact with each other and so improve the quality of decision-making and oversight of the company more generally.

Understanding the impact of my delivery and how it affected the processing of my input was illuminating.

A board colleague who had taken the Boardroom Mastery course, a simulated three-day program Newman co-facilitates for the Australian Institute of Company Directors, using individual psychometric profiling and collective assessments, suggested using the approach for our regular board review.

From a psychometric test and an individual consultation, Newman produced a list of my personal derailers, which seemed remarkably accurate. My high score for "imagination" makes me curious and original, but is a derailer when colleagues find me difficult to understand.

My tendency to cut to the chase with a statement of fact attributed to my high score in "scepticism", but could be received by colleagues as criticism.

What had seemed to me a non-controversial opinion, based on the evidence, was not even heard by some in the room, according to Newman, as they found the observation negative and overly critical. Or those "wince-making truth bombs".

Understanding the impact of my delivery and how it affected the processing of my input was illuminating.

Newman's solution? "You might be entirely right, but unless you convince the others, it won't fly. You can't start with the solution. You need to bring your colleagues along with you, build your case and check whether others are feeling the same way by making eye contact. For example, you can say: "I feel this but am I the only one?"

My task was to adjust my delivery and work on these derailers, by understanding their impact on the dynamics of the group. I have made changes in my approach based on Newman's coaching tips, which have even been noticed by colleagues on another board.

Newman's real-time interventions with the group, using live examples, uncovered many areas for the whole board to work on, such as how to allow

"Your insights might be accurate, but your delivery made people defensive."

> "You can't start with the solution. You need to bring your colleagues along with you, build your case and check whether others are feeling the same way..."

divergent views to be discussed and get to deeper conversations.

Of course, the extent to which Newman's assessment really improves the dynamic of any board relies on each director taking responsibility and adapting their style where necessary.

Interestingly, much like many couples who go to marriage counselling and end up getting divorced, a couple of board members who underwent Newman's program decided not to continue on the board next year.

Clearly, Newman's first-hand observation of boardroom behaviour was key to the exercise.

I was reminded of this while listening to author Adam Grant, a Wharton professor and organisational psychologist on HBO's podcast accompanying popular drama Succession.

Grant was asked how he would analyse the dynamics of the executive team of Waystar Royco, the fictional media conglomerate founded by media magnate Logan Roy, from an organisational psychology perspective.

"The only way to get to the truth is to see the dynamics in action," he said.

"You are not trying to change each individual. You are trying to change the culture and the system of the organisation. You observe the way they make decisions and then hold up a mirror so they can see the dynamics more clearly."

Louise McElvogue is a non-executive director on boards and a strategy adviser.

What's stopping your team from making good decisions?

THE MANDARIN
30 APRIL 2024

When decisions in government go wrong, they have the potential to go very wrong. Think along the lines of environmental degradation, armed conflict and economic collapse. Often, these decision-making failures come down to groupthink — when individuals fail to challenge one another, prioritising harmony over critical thinking.

No one is above groupthink. It can happen anywhere, at any time, in any setting, in any culture and any country. If there's a group of people making a decision, there's a risk of groupthink. But of course, there is also incredible benefit to decision-making as a group — arriving at a good decision requires bringing a wide range of voices to the table. So, how do you get the balance right?

Here are the best practical tips and takeaways from experts across government and academia.

Q: What do you need to do to make sure that your group ultimately arrives at a good decision?

First, ask: Who's in your group? Having a diverse team is essential to preventing groupthink. This diversity is not just demographic — you need to be working with a group of people who possess different expertise, backgrounds and perspectives.

Often, voting within the group is seen as a possible approach to arriving at a solution.

However, voting can result in a lack of nuance, turning the decision into an overly simple yes/no response. Instead, you need to manage how the group of people making the decision communicates. If you're leading the group, you can do so by encouraging equal participation and making sure no one voice is dominant.

The bottom line is that good communication focuses on building understanding and not on persuasion. The goal of a good discussion should be sharing reasons behind opinions.

Q: How do you handle disrupting a cohesive group when you disagree with what everyone else is saying?

Taking a stand often requires a strategic approach. It's important not only to have courage but also to present your points tactically to avoid disrupting teamwork. The goal is to introduce new perspectives without causing friction, ideally making others feel as though they are part of the idea-generation process.

Creating a culture focused on a robust decision-making process is vital. Withholding personal opinions until after others have spoken is something many leaders experiment with. As is encouraging disagreement to enhance group discussions and outcomes, using methods like playing devil's advocate to stimulate more diverse viewpoints.

It is also worth investing time and effort in building processes that allow all team members to contribute, including those who may be quieter or less likely to speak up in meetings. Techniques like using sticky notes to collect ideas anonymously can help ensure everyone's voice is heard, fostering a more inclusive and comprehensive decision-making process.

> "It is also worth investing time and effort in building processes that allow all team members to contribute, including those who may be quieter or less likely to speak up in meetings."

"There need to be ground rules for any discussion. Avoid repetitively debating a point that was already made. All contributions should be new and add value to the discussion..."

Q: How do you know when groupthink is happening or if you're contributing to it?

You need to create conditions that allow you to recognise groupthink. Just as you are one part of a whole brain — the team — so too is everyone else, and they are all different and don't approach the problem from the same perspective. If you do not see disagreement or debate taking place, it is worth reflecting on whether the conditions to express dissent exist.

Let's imagine the following scenario. You've just been asked to take on managing a new team and, quite quickly, you start noticing several inefficiencies. You want to take charge and implement some changes, but your new team is incredibly resistant. What are they seeing that you are not?

At this point, it's time to reflect on your own cognitive bias. How does the way you think influence your assessment of a situation? What are my colleagues and peers seeing that I might simply not be able to? Instead of pushing through with change, the correct approach is to create the conditions to allow them to express their dissent.

Q: If you're not in a leadership position, what can you do to prevent groupthink without being seen as challenging authority?

While you might not have the power, you likely have the ability to influence. You should feel confident observing and sharing, explaining what you're seeing and why you understand it this way. You should always ask questions like: Can you tell me more about why we're moving in this direction?

Q: Is it possible time-wise to listen to every single voice? What can you do when you are time-poor?

There need to be ground rules for any discussion. Avoid repetitively debating a point that was already made. All contributions should be new and add value to the discussion, preventing the conversation from getting sidetracked. Technology can also help enhance collective intelligence. They can streamline information-sharing and decision-making processes before a meeting even takes place.

Q: How does the "wisdom of crowds" approach work?

Making decisions shouldn't just be about saying yes or no. These kinds of decisions often miss deeper evaluations. For instance, when hiring someone, you don't just decide yes or no. Instead, you use a scoring rubric to assess various aspects of the candidate, which helps justify your decision. This approach considers more than just a simple binary choice. Examine what's beneath any yes/no decision and focus on gathering and evaluating those underlying factors, especially when accuracy is essential.

Q: Do you have any tips and tricks for encouraging others to check their biases, either individual or collective?

Authority does not necessarily equal leadership. A good leader must be well-informed and vigilant about recognising signs of groupthink. Tackling unconscious bias is crucial to this. Leaders should be educated about their biases and how these can influence decision-making processes within groups, potentially leading to groupthink. They also need to address their biases first before trying to influence others or implement changes.

Q: It feels safer to be in the majority. When you're accountable — as you are in government — there is perhaps even more fear of going against the grain. Any tips?

In government settings, risk avoidance is natural. Because the public service operates under intense scrutiny, there is significant pressure on decision-making. Success might earn some acknowledgement, but mistakes are heavily criticised. This environment necessitates a certain level of bravery to challenge the status quo and advocate for change.

Leadership plays a crucial role in setting the tone for their teams and departments, shaping the organisational culture so that it encourages debate and challenges conventional approaches. While it's important to take risks, it doesn't mean being reckless; instead, effective risk management and contingency planning are essential.

This article is reproduced from Apolitical.

Governance is just a fancy word for doing business better.

MARGOT FOSTER
PLAY BY THE RULES, 2017

Many people run a mile or glaze over when the word 'governance' is mentioned. It is too hard, too scary, and can only be understood by lawyers and not by the ordinary dummy. It involves constitutions and legalese and incomprehensible jargon which should be avoided at all costs.

The following tips have been written to help you and your board/committee do your elected job as well as you possibly can:

At the Board Table it's all about the conversation

The chairman or president manages the meeting with the assistance of the CEO or EO if there is one. The chairman does not make decisions and does not direct members to do certain tasks. The chairman is not the boss, but guides and leads the conversations through the agenda, balancing the amount of time spent on each item with the time allotted for the meeting.

The chairman should ensure there is no 'sunflower bias' where they dominate, have the first word and maybe the last, and cause everyone else to shrink into silence under the canopy of the biggest flower at the table. After all, when the leader of any organisation makes a statement, it is a hardy underling who might challenge or disagree with what the leader has said.

> ***"The chairman should ensure there is no 'sunflower bias' where they dominate, have the first word and maybe the last, and cause everyone else to shrink into silence under the canopy of the biggest flower at the table."***

Ideally decisions should be made by consensus without the need for a vote, based on full and free input from members. The atmosphere should be one which encourages contribution and does not scare off any member who may not be as confident as others (including new members) about what to say on a topic or how to say it. Enough time should be allowed for discussion of agenda items, though time should not be frittered away Equally guillotining conversation when it hasn't come to a concluding point should be avoided, as it leaves a bad feeling if everyone has not had a chance to comment.

Conflicts of interest-who has them and what are they?

Conflict of interest is one of those governance things, and if not managed properly can bring an organisation undone. A simple example would be Sue, a business person on a board who provides sponsorship for the club.

This isn't an obvious and actual conflict in that any discussion about sponsorship would include Sue's business. Sue should formally declare that conflict and have it recorded in the conflicts register.

When discussing sponsorship, it is up to the other members of the board to decide whether Sue should receive any board papers about sponsorship and/or whether she should step out of the room when the topic is being discussed. It is important to remember that the decision about what information she receives and whether she stays or goes is the board's entirely, and Sue has no say in it.

Another situation would be Jack not declaring that he was a member of the state sporting association discipline tribunal for the club's sport, when he knows full well that he might be sitting on cases involving club members.

In each case, declaring interests is essential. A board member cannot over declare, and it is up to the other board members to decide if a conflict exists and how to deal with it.

What is a 'conflicts register'? It is a sheet of paper which lists each board member's name and the 'interests' each has in a business or other sporting organisation which might affect discussion about

> "...the notion of a self-proclaimed expert can be disadvantageous or dangerous to the organisation. That person may be deferred to or their utterances given greater weight than is due."

decisions to be made. It is part of the board papers for each meeting, and an agenda item called Declaration of Interests should be inserted after the welcome/ present/ apologies item.

Creative and forward thinking- not retrospective report reading

Many boards tend to focus on the operational side of the business because it is easy. People on the board often come from a functional role within the organisation such as coach, official or even parent, and can bring that background to the table. That experience might be useful, but it is not the reason they are on the board.

Their roles are to look to the future of the organisation and how it intends to meet its objectives, mission and purpose. Reviewing lengthy reports and detailed results may not assist in forward thinking unle·ss there are outcomes which lead to the organisation doing things better. Ideally on every agenda there should be an item which is headed Strategy or Planning.

Think of strategy as clear thinking and being creative, and dedicate meeting time to giving rein to your enthusiasm for what your organisation could be and could be doing better.

The newbie - getting the hang of your board

Much is written about board induction, the process by which a new board member, whether elected or appointed, is informed about the who's who and the what's what of the organisation. Often the newbie will be given a USB stick or a couple of folders full of information: the constitution, the bylaws, the policies, the organisation structure, job descriptions and bias for the office bearers.

Nothing, however, can prepare a new member for being on the board as they work out the personalities, the peccadillos, the peculiarities and the painful behaviours of their fellow members. Equally the actual business of the organisation will never be quite as it is written in the induction materials or on the organisation's website. If you are new to a board, don't panic - give yourself a year or so to get the hang of it and take the time you need to start making your contributions and asking your questions.

Your dayjob is not your boardjob.

People are on boards for many reasons: they stood for election; just happened to be in the wrong place at the right time when a board vacancy came up; are parents of kids who play the sport; have been an athlete or participant and want to change tack, give back or have been identified as having skills that the board needs. Many state sporting association boards focus on people such as lawyers and accountants, butchers, bakers and candlestick makers not so much.

Regardless of why you are on a board, you are not there to do what you do in your day job. Thus, a lawyer is not on the board to give legal advice orto do the legal work of the organisation, subject to any agreement that the lawyer may be engaged with the consent of the board to do some basic work such ad conveyancing.

The lawyer would not usually draw up the contract of employment for the EO though they might assist a legal firm to do so because of their knowledge of the organisation. Equally an accountant is not on the board to give specific financial advice, but rather to give overall direction and commentary as to the state of the finances; the way accounts might be presented; to liaise with an external accountant and auditor; or be a member of the board's audit and finance committee.

For example, if you are a coach or umpire who has a position on the board, then you need to ensure that board discussion does not spend valuable time on

> ***"Regardless of why you are on a board, you are not there to do what you do in your day job."***

small issues which you as coach or umpire should be able to resolve among your respective cohorts.

The board should be aware of the line between the strategic and operational when dealing with matters to do with the conduct of the sport itself. Neither the coach nor umpire is there to represent coaches or umpires as a general rule, and if the organisation's constitution gives them a seat to do that, to represent their constituency, then consideration should be given to altering the constitution.

The board "expert"

From time to time someone on a board will claim to be an expert on a certain topic - a marketing magician, a governance guru. It may be true or it may be hyperbole. It is preferable for people with extensive knowledge and expertise to better describe themselves as experienced rather than expert, especially given that no one is on a board in their professional capacity. They are there to bring their skills and knowledge to the table but not to give, or be relied on or expected to give, advice.

Indeed, the notion of a self-proclaimed expert can be disadvantageous or dangerous to the organisation. That person may be deferred to or their utterances given greater weight than is due. This can lead to a division in the board when not everyone agrees with the expert's view or opinion. And in those circumstances wise heads on the board should recommend external advice be sought.

This is a difficult matter to address as no one wants to offend the self-described expert at the meeting because they may indeed have the expertise. It is up to the chairman to counsel the board member so that opportunity for misunderstanding as to the role is limited.

An apology or a leave of absence

If you are unable to attend a meeting then you should inform the chairman or CEO, in the first instance, of your unavailability as soon as you know. It may be appropriate to email all board members at the same time depending on the reason for your non¬ attendance.

Board members generally like to know what the reason is (for example, illness, a business meeting clash, family duties at short notice, on holiday). The explanation need only be short.

An apology is on a meeting by meeting basis. Many constitutions say that if you miss three meetings and don't apologise then the board can relieve you of your position, thereby creating a casual vacancy. Common courtesy, good manners and conscientiousness as a board member would suggest that an apology should always be given, as no-shows are a bad look particularly when it may mean something isn't done or someone else has to take on an extra task.

A leave of absence can be granted to a member who needs to take time off for a period of months, again for a variety of reasons. The member does not need to apologise for each meeting missed, but is expected to return at the end of the leave period and resume duties on the board.

BOARD RENEWAL, COMPOSITION AND DIVERSITY

What To Do When Your "High-Performing" Board Is Only Limping Along

ANNE QUINN & JOHN DINKEL
LINKEDIN
2 FEBRUARY 2024

Every organizational leader wants a high-performing board. After all, high-performing boards have a powerful impact on an organization's success, providing not only strategic insight and expertise but also their own financial resources and connections.

It's why organizational management and the board itself put so much time and effort into selecting the right individuals to sit on the board.

Yet despite making this significant investment in establishing a high-performing board, many leaders feel their boards are not as helpful or engaged as they could be.

And they're right.

Organizations can have fantastic board members and be very committed to facilitating the board's work and still not see the return they expected.

So, what's the extra special sauce that distinguishes a high-performing board from one that's limping along?

Our work with boards shows that effective board development and engagement is deeply rooted in effective governance structures and practices. In fact, governance is the foundation of a high-performing board. However, development and engagement also must be built with intention and purpose, and boards never stop needing cultivation and nurturing. It's simply not enough to set up governance structures and assume board engagement and development will follow.

In reality, the extra special sauce for triggering high board performance requires many ingredients. Leave out one or two and you'll continue to be disappointed.

The good news is that once you create traction in the right direction, board effectiveness and engagement do become more organic, inherent to how your board functions.

High performance begets high performance.

Here are a few of our best board development tips for gaining traction toward a board that continually moves itself and your organization forward.

Give Board Committees More Attention

Committees can be one of the best ways to engage your board members, but they're also one of the biggest reasons board members check out.

Effective committee work overcomes this by increasing understanding of the organization and its mission, and by building relationships between board members and staff.

Make sure to align your board committees with your organization's strategy for optimum results and to ensure committee members recognize their reason for being and feel inspired by the purpose of their work.

It's equally important to select your committee leadership carefully since they are responsible for keeping the committee on task and in action, and to include committee-level assessments as part of your overall board evaluation process.

Refine Board Recruitment

Board recruitment should be driven by the strategic needs of your organization to augment and complement skills, expertise and connections, and to facilitate the recruitment process itself.

After all, if you don't know the type of board member you're looking for, your search will be unfocused and potentially endless and fruitless.

Knowing exactly what you're looking for also provides clarity to board members about why

> "It's simply not enough to set up governance structures and assume board engagement and development will follow."

"All boards benefit from ongoing training about the organization, the external landscape and board roles and responsibilities."

they were selected, setting expectations for their contribution in the process.

Additionally, conduct recruitment year-round, engaging the business community through networking and referrals from existing board members. This is the most efficient way to build a pipeline of qualified and excited candidates.

Never Assume Board Members Are Trained

All boards benefit from ongoing training about the organization, the external landscape and board roles and responsibilities.

It may sound shocking, but even highly accomplished board members might not have specialized knowledge about your organization's mission, business model or products/services.

When you intensify training and make it ongoing your board members will ask better strategic questions and be better fiduciaries for your organization.

Cook Up A Competition

A fun (and highly underestimated) way to dramatically increase board engagement is through board contests or challenges.

This method helps board members build stronger relationships with each other and learn more about your mission while encouraging peer-driven competition.

You can create a board challenge for just about anything: fundraising, corporate sponsorships, building relationships for leadership, board recruitment, brand awareness and more.

Keep each competition fairly short; four to six weeks is a best practice.

Know Who Your Board Members Know

Highly networked board members are conduits for corporate partners, strategic alliances, new board members, staff and volunteers.

Yet leveraging board members' connections doesn't get nearly the attention it deserves.

Develop a strategy for tapping into your board members' connections on an ongoing basis to promote growth within your own network and that of your organization.

When recruiting, ascertain what each prospective board member's network looks like and how it could serve your organization. While LinkedIn is a great tool for this, having a direct discussion is crucial too.

Don't Let Your Strategic Plan Gather Dust

An organization's strategic plan is a roadmap to its future success. But over time, momentum toward its goals can be lost and, when this happens, management often stops sharing the plan with the board.

To counter this, always carve out time in board meetings to share the results and outcomes your organization is seeing and to address related strategic issues and topics.

Also make time at the committee level to reacquaint members with the strategic plan on a regular basis.

Make It Easy For Your Board Members — And Yourself

Given how busy the most high-performing individuals are, you need to make it easy for your board members to understand expectations and how they can plug into the work that needs to be done on behalf of your organization.

Creating strategies and tools like those we discussed will help with this and will also make board members feel valued and, therefore, more invested in the work.

Though it sounds simple enough, it's definitely not easy. As a leader, we know you have an organization to lead too.

Beyond Passion: Nonprofit Board Member Criteria

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23 SEPTEMBER 2019

Passion. It's the favorite first ingredient in recipes for cooking up a great nonprofit board member. "Commitment to mission" or "passion for the cause" is included on almost every list of criteria for prospective board members. Amidst numerous other preferred qualifications, passion counts above all.

Except it doesn't. Passion should not represent the pinnacle of board member qualifications as much as the basis. According to Chris Grundner, founder of the Kelly Heinz-Grundner Brain Tumor Foundation, passion belongs at the bottom of the nonprofit board's hierarchy of needs from board members. In a poignant and insightful TED Talk, he describes passion as being essential, but not everything. He considers passion – along with showing up (for meetings), attending organizational events and making an annual financial contribution – to be the foundation on which solid governance can be built.

Unfortunately, many nonprofit boards seek those with a passion for their mission and stop there in assessing board member credentials. Even that quality, however, can be deceiving. Research from Stanford University's Graduate School of Business showed that basic assumptions and obvious duties of nonprofit directors are often missed. A survey of 924 nonprofit board members found that:

- *27% of board members don't think their colleagues have a strong understanding of the organization's mission and strategy.*
- *65% don't think their board is very experienced.*
- *50% don't think their colleagues (on the board) are very engaged.*

Too many board members agree to serve on nonprofit boards without fully appreciating the role, responsibilities, ethical obligations and time commitment that will be required of them. Even some seasoned board members don't fully grasp the nuances of the mission they serve or the nonprofit business model. While boards certainly should enhance their board recruitment and board member orientation processes to reflect organizational needs, board members also must deepen their understanding of – and preparation for – effective board service.

Nonprofit Board Member Criteria

Most nonprofit executives and board leaders can name the optimal criteria, talents and skills they seek in board members quite readily. Having heard many laments and wishes from nonprofit leaders over time, I recently surveyed a sampling of board members and executive staff to learn what makes the best board members (beyond passion, of course). While they all highlighted tenets of modern governance, it is no surprise that some answers were shaped by the unique perspective the individual respondents bring to the table.

The board chair of a regional advocacy organization stated her preferences simply:

- *Come to meetings prepared.*
- *Bring a collaborative attitude and presence.*
- *Take time to understand the role and to what you are committing.*

Board members who attend meetings "just to hear what's happening aren't helping," she elaborated. "They must come prepared to collectively shape what happens." In other words, board members are expected to review (and understand) the materials an effective board distributes in advance, then work together to address governance matters. That means understanding what governance is and having the time, effort and interest in serving in a governance capacity.

The General Counsel of a renowned social services organization emphasized:

> "...passion belongs at the bottom of the nonprofit board's hierarchy of needs from board members."

Know the role and commit to staying in your lane, without abdicating appropriate responsibilities.

Knowing the role means recognizing not only what a board member does, but also what one doesn't do. This member of the executive management team watched board members defer to the CEO in making key decisions, then overstep into operations when the CEO's leadership was challenged. By staying informed and engaged in board work and knowing their essential place in the organization, board members can help avoid, or at least mitigate, organizational crises.

The board member of an education organization suggested:

- *Engage in the board's work – provide resources and expertise.*
- *Ask questions and demonstrate your ability to think critically.*

"Playing an active role in board work means more than participating in board meetings," advised this seasoned nonprofit executive and new board member. "Board members must engage between meetings, as that's when the real work happens." He mentioned fundraising, in the broadest sense – sharing contacts, introducing the CEO to potential funders, joining the CEO in meeting prospective donors – as well as sharing knowledge and professional skills that can serve the organization.

Similarly, in a professional capacity, ask questions – just as you would in any job regarding a matter you didn't understand or that no longer made sense. Whether it's a matter of policy, process, impact or opportunity, ask how, why – or why not. Although a financial practice or nomination process might have been in place for decades, it could be compromising efficiency or effectiveness now. Habits form readily in organizations, and it's up to board members to ensure they understand what's happening, what it means and whether it aligns with current priorities.

"Playing an active role in board work means more than participating in board meetings… Board members must engage between meetings, as that's when the real work happens."

The CEO of a national health-related organization added:

- *Be willing to learn (especially what it takes to be a good nonprofit board member).*
- *Focus on strategy and governance, not operations.*

Learning must be ongoing, even beyond the basics. Before you vote on the budget, ask for a lesson in reading the organization's financial statements. If you're chairing the strategic planning process, seek information not only on leading a board committee, but also on nonprofit planning models and processes. Board service provides a unique opportunity for continuous professional development in skills and functions, as well as the field of interest your mission serves.

Remember that most of what you've already learned likely supports management functions and operational thinking. After all, traditional education does not include governance instruction. Be mindful, then, about containing any instincts to step into the operational weeds.

The CFO of a large human services organization offered a plea:

- *Know the nonprofit business model.*

Because his board members typically are high-level business professionals, their focus tends to be on operational efficiency and the bottom line. With all good intentions, they push for "increased program reach, reduced expenses and greater profit margins." As he explained, "I remind them regularly that we're not a for-profit entity – we're glad to have revenue, but our mandate is to serve people, not save dollars."

A seasoned interim executive director issued an urgent reminder:

- *Engage in effective decision making – do not avoid or defer.*

Having stepped in to guide an organization through the succession of its founding executive, this interim leader found board members dodging a critical discussion that could alter the mission of the organization. For years, they had avoided determining whether their cause was direct service, advocacy or both. Board members instead relied upon the founder to steer the organization in whichever direction he chose at a given time.

Not surprisingly, boards that defer decisions to the chief executive or board chair are ill-prepared for their eventual succession, not to mention culpable for decisions they didn't even make. And boards

> “Although operations are not their purview, board members still can play an important role in supporting operational success.”

that avoid making critical decisions can thwart their organizations’ success.

Board members must understand the importance and process of decision making, then come prepared to engage in critical discussions accordingly.

The founder of a health-related nonprofit noted:

› *Acknowledge and support staff efforts – lend a hand, don’t just give orders.*

Although operations are not their purview, board members still can play an important role in supporting operational success. “Show that you recognize our hard work. Offer positive feedback and encouragement when you have it and help whenever you can,” advised a devoted founder. “As staff, we try to show appreciation for your volunteer efforts, but know that our work often goes above and beyond the parameters of our jobs.”

To be the best nonprofit board member, follow your passion to identify the right mission to serve, then make sure you know your “job,” gain the skills to perform it, and invest yourself in doing so with intent and excellence.

What's Keeping Corporate Boards from Becoming More Diverse - and what leaders can do to change that

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3 SEPTEMBER 2019

Board diversity—or rather the lack thereof—has never been under more scrutiny.

In recent years, money managers like BlackRock and State Street have called for more diversity across corporate boardrooms, with the latter going so far as to announce it would begin voting against companies without any women directors. Legislation to encourage, or even mandate, diversity on boards is also gaining traction. In 2018, California passed a bill that requires every publicly held corporation in the state to have at least one woman serving on its board of directors, and New Jersey has similar bills under consideration. In June 2019, Illinois lawmakers passed legislation requiring publicly traded corporations in the state to report the racial and ethnic makeup of their boards. That information will be used to create a rating system assessing the representation of women and minorities on corporate boards.

It may ultimately take threats and mandates to push many organizations to diversify their boards. But according to Angelique Power and Sophia Shaw, the decision to diversify should be simple. Angelique Power is president of the Field Foundation, which funds programs focused on community empowerment, and sits on the board of directors at Grantmakers in the Arts, Forefront Illinois, and 6018North. Sophia Shaw is an adjunct professor of social impact at the Kellogg School, director of the Kellogg Board Fellows program, and a current board member of the Art Institute of Chicago and the National Museum of Natural History.

"Board members are sort of like gardeners in that they're trying to cultivate an organization so that it thrives," Power says. The more diverse the set of gardeners, in her view, the more resilient the organization.

Moreover, the pair argue, corporations and nonprofits should make an effort to increase board diversity because it's the right thing to do. For instance, Kellogg's David Matsa, along with Amalia Miller from the University of Virginia, have found that having women on a corporate board increases the chances of women gaining top executive positions, including CEO—critical, given that the number of female CEOs in the Fortune 500 has hovered around 6 percent for years.

But diversifying boards does not come easily or naturally to many organizations. So Shaw and Power offer advice for leaders committed to developing and sustaining a more inclusive board.

Reassess Your Board's Goals and Your Selection Criteria

The key to creating a diverse board begins with reexamining the systems and functions of a board. Organizations have typically considered an individual's professional achievements when assessing potential board members, and achieving high status on the career ladder has traditionally made someone a good candidate.

Additionally, in the nonprofit world there is a dependence on high-net-worth individuals to serve as board members, according to Power. "Often in those nonprofit structures, board members tend to give unrestricted dollars that allow the organization to have some breathing room," she says. "So, by default, what's become a main criteria for joining a board is how much you can give financially."

But focusing on an individual's giving power or how high on the corporate ladder they may have reached glazes over the fact that women and people of color have historically faced barriers that white men have not. Similarly, certain communities have been systematically excluded from accumulating generational wealth. Continuing to focus on these traditional selection criteria, the pair argue, will not increase board diversity for your nonprofit organization.

"You've cut the swath so small that of course you're going to always get the same type of board member," Power says.

Organizations need to reassess their goals for the board, including how to consider expertise and other factors unique to the organization, when creating selection criteria. In order to boost diversity in nonprofit board membership, those

> “Being an ally can certainly include speaking up for others, but it can also mean being silent, listening, or even stepping aside.”

criteria need to be amended to be more expansive. For example, experience on similar boards is often the first criterion organizations consider, when having the lived experience necessary to contribute deeply to the organization may be a lot more valuable.

“While some individuals may be able to devote their financial resources or corporate connections,” Shaw says, “others may offer valuable technical counsel and expertise around functions such as accounting, human resources, enterprise risk management, master site planning, financing, or construction.” Others may be better able to represent the voices and experiences of the individuals or communities the organization serves.

How to Make Space for New Board Candidates

To recruit new board members, leaders should seek opinions and recommendations from a wide range of stakeholders. For a nonprofit, that includes not just donors but an organization’s staff, partners, and community. For a publicly traded company, the list may include industry experts, as well as specialists in technology, cybersecurity, and those experienced in working with activist investors.

“Reach out to a network beyond who is currently sitting on your board,” Power says. “You will get a totally different group of potential candidates than your board nominating committee is coming up with.”

At the same time, it’s also important to understand the internal politics of your organization’s board. There may be internal alliances or feuds, as well as varying degrees of comfort about expanding the makeup of the board itself.

“Think of the current board as a Thanksgiving table,” Shaw says. “Many delicate topics are being avoided to keep the peace. When somebody invites a new member to the table, whose traditions or assumptions may be different from the status quo, this can bring to light underlying biases or differences in opinion that have lain under the surface.”

Working with a facilitator to discuss race and institutional bias helps, as does engaging in thoughtful succession planning, because when a board is not diverse to begin with, taking steps to increase diversity naturally means that some people will have to step down, or the board will have to expand. There needs to be a clear reason beyond tokenism to expand the board. The more clearly bringing in new voices—in terms of race, economics, gender, ability, and LGBTQIA identity—can be tied to the organization’s mission, the easier it will be for other board members to create the necessary room.

“Board members are sort of like gardeners in that they’re trying to cultivate an organization so that it thrives.” — Angelique Power

“People may not want to go off boards because at some point in their lives board membership may be the only thing that makes them feel like they’re still an integral member of the organization or of society,” Shaw says. “It’s hard for some board members to move along or to see new people take their place. These issues relate to our own sense of ego and fragility and mortality.” More than one board member has expressed this feeling to Shaw as being “put out to pasture.

But there may be some creative workarounds. Power describes how the Field Foundation’s bylaws have been written to stipulate that members can become lifetime directors at age 75, as a way to make room for new board members. “Recently, three board members voluntarily became life directors, and we brought on three new board members who are absolute visionaries in areas we fund—allowing the board to retain new expertise while keeping institutional wisdom,” Power says.

Create an Environment for the Board to Thrive

As important as recruiting new board members to an organization is, creating an environment for them to contribute meaningfully is equally critical to the board’s effectiveness.

The best way the organization can facilitate such an environment is by making sure that board members are clear on their responsibilities when it comes to inclusion.

For example, when it comes to equity issues from resolving pay disparities to ensuring a safe workplace environment, a board should not rely on people of color and women to do all the work. Inclusion should be something everyone on the board gets behind, particularly those who have the power and the privilege to push for greater equity. It's also important not to rely on a single person to speak for or to represent an entire group.

Beyond issues of equity, a new board member—particularly someone from a group that has been historically underrepresented on the board—can naturally glean new insights that others may not be attuned to notice.

For example, an organization might be using language that is patronizing or tone deaf to the communities the organization aims to help. Or they may be attuned to hidden barriers baked into existing policies and practices that prevent the organization from succeeding with its goals.

"It's a little bit like when you first move into a new house or apartment," Shaw says. "Sometime during that first day, you should write down all the things you really want to fix—like the green wallpaper or the old this or that—because after a year or so, you may stop seeing them."

The same holds true for a new member of a board, who has real power to energize change simply by virtue of a fresh pair of eyes.

"Even knowing who to connect to within communities that have historically been overlooked is very valuable," Power says. "So many goals of organizations are not achieved because the boards are often based on the belief that access to capital makes you smarter, which is fundamentally untrue."

Conversely, long-standing members of the board, particularly those who represent majority groups, should think carefully about what it means to be an ally—a term that Power says is often misunderstood. Being an ally can certainly include speaking up for others, but it can also mean being silent, listening, or even stepping aside.

"Often, people in a marginalized group are the last people who want to actually make diversity, equity, and inclusion the top of their agenda," Power says. "They would much rather second someone else who's pushing that forward. This is what we mean by 'allyship,' someone with privilege helping to do the work, whether that's leading from the front sometimes, or from the side and from the rear at other times."

Ultimately, board members have a role that is both weighty and inspiring—regardless of their personal background. They are the spine of the organization, and their direction can change an entire company or nonprofit for the better. Any successful effort to strengthen a board will be based in an authentic pursuit of folks who can help the organization holistically from a range of viewpoints, skills, and lived experiences.

"If you want to reinvent tepid 'diversity initiatives' and gain a truly distinct and healthy board of visionaries, disrupt old notions of who should be in power," Power says. "When you unlock it beyond solely those with wealth, you get a range of new options that will jumpstart equity, diversity, inclusion, and likely an incredible board experience for everyone involved."

"Any successful effort to strengthen a board will be based in an authentic pursuit of folks who can help the organization holistically from a range of viewpoints, skills, and lived experiences."

What does good governance mean in 2023?

BOARDPRO
SEAN MCDONALD
12 APRIL 2023

The governance world is increasingly turbulent, with boards needing help to stay on top of recent trends and adapt to ever-changing market conditions. Key focus areas such as cybersecurity and environmental, social and governance (ESG) initiatives are more important than ever as boards deal with the effects of changes in the field.

With ransomware attacks increased by nearly 500% since the start of the COVID pandemic and Australia still ranking low on the global Climate Change Performance Index for 2023, it is more important than ever for companies to stay abreast of these crucial issues.

Many boards struggle to shift from old modes of operation to new measures. Implementing changes such as increased stakeholder and investor involvement, as well as adapting to new technology and innovations, can be challenging in the boardroom.

If your board is seeking to understand the emerging governance trends of 2023, read on.

1. Stakeholder Governance

Stakeholder governance marks a major shift in boardroom organisation. Rather than prioritising shareholder interests, successful boards in 2023 are working to balance long-term profitability with positively impacting their community.

This community includes employees, suppliers, customers, shareholders and more. Boards need to recognise the interests of all stakeholders and prioritise sustainability and improved performance in their governance strategies. This factor has taken on increased significance both for board success and board investors this year.

“Companies are, I think, facing increasing pressure to consider the needs of all stakeholders. This has been around for a while, but it’s gathering pace, and that includes internal stakeholders like employees, as well as external stakeholders like customers, investors, the community, the environment, as well as regulators and shareholders. Not forgetting donors for charities as well,” explains Smith.

“All of these stakeholders are shifting their needs and their requirements. It could be external stakeholders seeking more transparency, better performance, or internal stakeholders looking at the boards and actually making decisions based on the leadership or composition of the board. I’m hearing more and more stories of younger generations refusing to work for a company that has great ESG credentials on the surface, but when they look at the leadership team and the board, they see just a group of people that do not represent them and their values (ie white folk or white men).

So boards are really going to need to first acknowledge that times are changing and then develop effective strategies for their stakeholder engagement – including stakeholder mapping – because I know for certain with the boards I’ve worked with that not all of them are really fundamentally aware of who their stakeholders are, what motivates them, and what needs they from a company. They also do not look at the concept of “double materiality” – how stakeholders are impacting them and the company. And they need to do that to ensure that their organisations are operating in a responsible manner on behalf of all their stakeholders.”

2. Diversity, Equity and Inclusion (DEI)

Boards must be increasingly aware of promoting diversity in the boardroom. Drawing on a wide variety of experiences and backgrounds in the governance space will actively improve the function of the board, allowing directors to make decisions based on a wide variety of insights.

A diverse board could include members of culturally and economically diverse backgrounds, as well as representation across generations. Leaders in DEI can help boards identify and reduce their biases and increase board diversity. Recognising biases in the workplace and actively working to eliminate them marks a key step forward in both good business practice and moral practice.

Speaking on DEI, while Smith acknowledges that progress has been made, he also stresses that it’s not enough. “Board diversity, whilst continuing, is not happening at the pace we need, and there’s still this fixation with single-issue social demographics, especially gender; when we need to focus on other levers like race, age, skill, culture etc but with the ultimate aim of making better decisions.

What we're still aiming for is diversity of thought, so it's less about board diversity and more about inclusive, open decision-making cultures where egos are put to one side. There is this growing recognition though that board diversity really does benefit decision-making and promotes innovative thinking and diversity of thought, and we should continue accelerating that, and that's a trend that we continuously see, although it has slowed somewhat through Covid where boards have sort-of bunkered down."

3. Board Effectiveness

A well-functioning Board in 2023 provides crucial stability for its company. Clear communication between the board and the CEO (and management) is a hallmark of board effectiveness and remains key as both parties navigate challenges, including inflation, increased regulation and political instability.

Boards should strive to remain agile and proactive, capable of making quick, effective decisions in line with the CEO's long-term strategy. They should work in tandem with management to achieve company goals, establishing the board as the key driver of business value.

Strong governance practices should be in place to reduce risk, enforce company compliance, foster transparency and increase accountability at all levels of the organisation.

Greater board effectiveness also includes crisis management. " … if COVID has shown us anything, it's the importance of proper risk management and proactive crisis management," begins Smith.

"We weren't really prepared for this, and the boards especially weren't really prepared for it. Boards, by and large, are reactive at the best of times, and then to have something of this magnitude is crazy for boards of all types to effectively respond to. What I want to start seeing is boards becoming – accounting for their time and resources – more efficient in what they do so that they can focus on adding value in these forward-looking areas. I want to see boards using technology to increase efficiency so they can be more proactive, more prepared, and develop robust crisis-management plans to ensure they are able to respond to expected and unexpected events. More future focussed boards rather than ones content with compliance and box ticking.

There's a big systemic change that needs to come with this, and I personally don't think that's coming yet, but there are certainly conversations that a few of us are starting to have; 'Actually, are boards set up to succeed in modern times?'"

4. The Pay Gap

In 2023, companies will be held accountable. Organisations are expected to promote fair social standards and act responsibly to their employees. The pandemic, in particular, has brought the issue of executive compensation further into the spotlight, highlighting the pay disparity between CEOs and low-wage employees.

As CEO pay soared, small businesses failed, and average workers struggled to make ends meet. Off the back of the pandemic, there is increased pressure on companies to bridge this salary gap. Boards should reevaluate their compensation structure in order to foreground the need for equity in executive pay.

Boards should start with a comprehensive review of their executive pay structure (including salaries, incentives, bonuses and any other forms of compensation), with an eye to its competitive nature and equity on all levels of the organisation.

5. Cybersecurity

Cybercrime is at a record high across all industries. Boards must be increasingly up-to-date on all cybersecurity measures in 2023 in order to protect their company and its operations and assets.

"Boards must have a strong understanding of cybersecurity risks and ensure their organisations have adequate measures," warns Smith.

"The issue that's happening right now is whilst while the boards are being given a lot of information, they're not sure how to implement it, and they're relying heavily on external

> "All companies are now technology companies. Boards need to embrace the implications of this and ensure that their organisations and companies have the necessary digital capability to remain competitive."

> "A forward-thinking board is one that is not afraid to point out its faults in order to improve them, making it a productive governing body."

expertise. They need to bring this expertise into the boardroom, and I don't just mean having a cybersecurity expert as a board director; I mean having independent sources of information outside of management. This is a trend I believe we're starting to see more of as boards look beyond management for sources of information that can help them with their decision-making, as opposed to relying really heavily on management.."

6. Technology

Another top trend in the governance space is "... this continued, rapid advancement of technological and digital transformation, which is increasing digitalisation across all industries," states Smith.

"All companies are now technology companies. Boards need to embrace the implications of this and ensure that their organisations and companies have the necessary digital capability to remain competitive. But on top of this, because my focus is always back into the Boardroom: How is technology impacting the board's operations? Whether it's simply through tools like BoardPro through to how they are utilising AI to help with their decision-making."

7. Board Evaluations

Regular board evaluations allow companies to improve the effectiveness of their boards by offering insight into its strengths and weaknesses. Periodic performance evaluations for the board as a body, as well as for individual board members and the CEO, will foster an environment of continuous improvement and growth in workroom practices.

Evaluations should touch on key factors of board effectiveness, reviewing governance structures and processes to identify any areas for improvement. A forward-thinking board is one that is not afraid to point out its faults in order to improve them, making it a productive governing body. Regular evaluations also signal to investors, regulators and stakeholders that your board is aware of its business practices and committed to operating efficiently and effectively.

8. The tone in the Middle

The tone in the Middle is a relatively newer subject in the governance space that seeks to empower employees to speak up and act to enforce effective compliance and ethics in a company situation where other members may be pursuing ethically questionable agendas. It promotes a workplace culture that actively discusses ethics and relies on the insight of middle management, who often have closer connections to the general workforce than executives and board members.

It is critical that board members recognise any discrepancies between the ethics at the top of their organisation and within the middle of the company in 2023. True corporate culture is encapsulated by the views of middle-ranking employees. In order to stay true to both their business goals and their moral imperatives, organisations must be aware of these differences and seek to rectify them in line with good governance and company standards.

Speaking on this in a broader context, "It's this concept of holacracy," states Smith, "which is a philosophy that looks at distributed decision-making rather than a traditional hierarchical structure."

"Imagine a company was building a new skyscraper, and you ask people where the boardroom sits. 99% would probably say the top floor or near the top. To use the analogy of the human body, we can change our thinking around the role of the board within a corporate organism, and its potentiality as the beating heart with nerves going out to different parts of the body, which have got closer relationships with stakeholders. And so that information flow, that decision-making happens across the enterprise. One of the things we're talking about more and more is that governance is not just for boards; governance is across an organisation. Because what is governance? Governance is stewardship, governance is decision-making, and that happens everywhere. Yes, the board has ultimate responsibility and accountability for so many parts of that, legally and morally, and they set the tone, but it doesn't mean they have to be from the top.

So, I think this is very early days, but you're starting to see it with a few companies who are going, 'Why are we using a very traditional hierarchical board structure? Is that really fit for purpose?" And I think that's hopefully a trend that future directors can push more and more this year and beyond.'

In order to maintain a high standard of governance in the boardroom, boards should strive to embrace the changes in their industry, working to implement key standards such as ESG initiatives and new business technology. Adapting traditional models of Boardroom governance to suit our current industry climate will allow Boards to remain relevant whilst protecting their own interests, as well as those of their stakeholders, as we move forward in 2023 and beyond.

Strategic Thinking Skills

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THE SAVVY DIRECTOR
JULY 2022

Every board of directors is looking for strategic thinkers. And if you're working on your Board Value Proposition, you'll probably want to highlight your own skills in that area.

So, what exactly are we talking about when we refer to strategic thinking skills?

I searched in vain for a standard definition of the term "strategic thinking," but I found there really isn't one. Still, there's been a lot written about how important these skills are for decision-makers.

So, let's explore the value that strategic thinkers bring to your board. And, for those who wouldn't describe themselves as a strategic thinker just yet, let's take a look at a few tips for how to develop your own skills.

Strategic Thinking and the Board

Why is strategic thinking so important to a board of directors? Because, when it's done well, it ultimately leads to a clear set of goals, plans, and new ideas required for organizations to survive and thrive in a complex, changing environment.

When we talk about strategic thinking, we're referring to the intentional and rational thought process that focuses on analyzing the critical factors that will influence the long-term success of an organization. But it's more than just a rational process - it goes beyond that to enable a powerful way of looking at and understanding the fundamental drivers of a business, challenging conventional wisdom to discover unexpected opportunities.

The board's role in strategic thinking is to bring their accumulated wisdom to the table, to provide an outside perspective, and to test the consistency of management's thinking. As individual board directors, thinking strategically allows us to make a greater contribution to board deliberations. And, for the board as a whole, group strategic thinking creates value by supporting a creative dialogue where different perspectives on critical and complex issues are shared.

The Characteristics of a Strategic Thinker

Strategic thinking may be hard to define, but strategic thinkers share certain identifiable traits.

Seeing the Big Picture.

Strategic thinkers stand out because of their sweeping view of the world. They don't confine their interests and observations to narrow silos. Instead, they take into account the entire system, integrating and synthesizing information and insights from many different – sometimes unexpected - sources.

Spotting Patterns.

Strategic thinkers are adept at connecting dots that are, at first glance, separate and unrelated. They see relationships between key elements and recognize patterns in the data that may remain hidden to others. They somehow create clarity out of complex and seemingly disconnected details.

Challenging Assumptions.

Strategic thinkers aren't reluctant to question current beliefs and prevailing mindsets – not just others' but their own as well. They reframe problems to uncover hidden biases and assumptions.

Fostering Dialogue.

Strategic thinkers engage key stakeholders to build trust and encourage diverse views. They understand what drives other people's agendas and they're not afraid to bring tough issues to the surface.

Focusing on the Future.

Strategic thinkers seem to be able to feel the winds of change and sense what has not yet taken shape. They have the foresight to be aware of risks, but also to recognize opportunities.

Making Decisions.

Strategic thinkers don't seek perfection. When making decisions, they balance speed and agility with rigorous data collection and in-depth analysis. If they have to, they can take a stand even with imperfect information.

> “When you demonstrate good listening skills, it encourages others to voice their opinions and fosters a boardroom culture where everyone feels safe to contribute strategically.”

Developing Your Strategic Thinking Skills

Although we might all like to think of ourselves as strategic thinkers, the truth is that not everybody naturally leans that way. Fortunately, we can all cultivate habits that will help us, as directors, to develop the strategic thinking skills that will add value to our boards.

Find time for reflection

Business leaders are encouraged to actively disengage from their mundane daily tasks – to pause and step back – so they can focus their creativity, energy, and attention on matters of longer-term significance. They have to break free from the activity trap to free up their minds to think more broadly.

For board directors, it’s important to do the same. During your PREP work, you’ll no doubt immerse yourself in the reading material that management has provided for the upcoming meeting. Remember that these reports, no matter how well executed, do not represent the entire world of information and options available to you. Try taking some time to pause and shift into a strategic frame of mind before you start your PREP. And after you’ve reviewed the material, remember to find time for reflection - to “Let It Soak” for a while.

Stay informed

Information – and lots of it – is vital to strategic thinkers. As a board director, it’s important not to rely solely on the management team to keep you informed. Locate and monitor key sources of information – not just about your own organization and your own industry, but about the larger business environment as well.

Strategic thinkers spot and interpret cues from this kind of continuous stream of intelligence. Search beyond the current boundaries of your business. You may find game-changing information at the periphery of your industry, or outside your industry, or even totally outside the business world.

Read widely and keep your mind open. With practice, you’ll be surprised to find that new ideas and perspectives come from the strangest places – a podcast, a spy novel, or a science fiction movie might be the inspiration that helps you connect the dots or reframe a thorny problem.

Work on your self awareness

The Savvy Director blog frequently returns to the theme of self-awareness. That’s because it’s a vital competency for effective directors. Learn to monitor and question your own thoughts, to acknowledge that your ideas might be flawed, and admit that you are as prone to cognitive biases and subconscious assumptions as the next person. Doing so doesn’t reflect poorly on your own credibility – it does just the opposite. It leaves you open to thinking outside the box, asking yourself, “Is my perspective valid?” and “What other points did I not consider that I should have?”

Ask great questions

I read somewhere that “Questions are the language of strategy.” Strategic thinking requires you to question everything, not cynically but in a constructive way that allows you to see ideas objectively. Great questions can be the catalyst for strategic inspiration because they provoke deep insight, forcing us to step back and see things from a different perspective and explore new possibilities.

Here are some questions - gathered from the resources listed below - that might help us, as directors, consider issues and make decisions more strategically:

› *Why do we need to care about this issue?*
› *What happens if we don’t decide on this issue?*
› *What outcomes are we trying to achieve?*
› *What are our interests or values?*
› *Whom will this decision affect?*
› *Who cares about the outcomes and why?*
› *What are the potential consequences – positive and negative - of this decision?*
› *What is the worst result this decision can bring? Can we live with that?*
› *What are forces for or against this decision?*
› *What is our fallback position? Is it viable? How do we know?*

Improve your listening skills

Broaden your view of the world by listening to others intently so you can learn from their perspectives. The opinions of board members, the management team, and stakeholders are valuable inputs to your decision-making, and they deserve to be heard. When you demonstrate good listening skills, it encourages others to voice their opinions and fosters a boardroom culture where everyone feels safe to contribute strategically.

Communicate clearly

Think ahead of time about how you want to structure your communication so that it helps your fellow directors focus on your core message – one that will have them challenging the status quo and talking about underlying assumptions. Work on prioritizing and sequencing your arguments in a clear and concise way, to walk people through the process of identifying issues, shaping common understanding, and framing strategic choices.

Think through the consequences of your choices

Every choice has consequences. When making key decisions, it's important to deliberately and consciously think through the repercussions of each option. Clearly identifying different scenarios and their possible effects – intentional and non-intentional – is a vital step in evaluating choices. You can help your board with this step by asking these questions to gauge what outcome will align best with the organization's vision.

- *What are the pros and cons of each option?*
- *Which option will help meet our goals best?*
- *Is there an option that will open long-term opportunities?*

Your takeaways:

- *Strategic thinking ultimately leads to a clear set of goals, plans, and new ideas required for organizations to survive and thrive in a complex, changing environment.*
- *At the board, strategic thinking creates value by enabling a creative dialogue where individuals gain other people's perspectives on critical and complex issues.*
- *Strategic thinkers share certain traits - they see the big picture, spot patterns, challenge assumptions, and focus on the future.*
- *To develop your own strategic thinking skills, work on taking the time for reflection, staying well-informed, becoming more self-aware, asking great questions, and listening intently.*

LEADERSHIP, DYNAMICS AND PROCESS

So you want to be the Board Chair?

SCOTT BALDWIN
THE SAVVY DIRECTOR
OCTOVER 2021

A good board succession plan isn't just about filling board vacancies. It's also about finding board leaders, like the next board chair.

So, in today's Savvy Director post, we're going to zero in on the position of board chair. We're going to try to answer the questions What's the role?, What skills does it require?, and How might a director prepare themselves for the role?

What Does the Job Entail?

Well, for one thing, it's not easy. And it's not getting any easier. Today's board chairs need to be open and responsive to a rapidly changing environment and increasing stakeholder expectations - not just personally open, but also making sure that their board is responsive to realities like ESG, diversity, equity and inclusion, and next generation directors.

They're not in it for the glory either. Because there's precious little of that. But a good board chair is vitally important to the work of the board, and the role can be incredibly rewarding.

A new director observing the chair conduct a board meeting might assume that's what the job is all about – running meetings. It looks fairly straightforward. But that visible part of the chair's job is like the proverbial swan on a lake – it's the picture of pure gracefulness in motion but hidden from the eye is the hard work of those webbed feet propelling it along.

The hard work is about board dynamics and human relations – providing leadership to a group of mostly senior, successful, action-oriented, performance-driven, sophisticated individuals from different backgrounds.

"The hard work is about board dynamics and human relations – providing leadership to a group of mostly senior, successful, action-oriented, performance-driven, sophisticated individuals from different backgrounds."

Managing the Affairs of the Board

The chair is responsible for the board, enabling it to function well and to make sound decisions that enable the organization to fulfill its purpose. The chair sets goals and plans the work of the board, usually in conjunction with a board committee, the CEO, or the corporate secretary.

The chair spends a lot of time developing agendas for meetings that will engage directors and keep the board focused on the organization's strategic priorities. The chair works with the board and management to define the format for board materials and reviews the information before it goes out.

Working with Committees

The chair structures a committee system, assigns committee chairs, and ensures that directors are involved. It's important that the work of different committees is aligned with the board's goals. That means the board chair needs to keep on top of their activities, attending meetings as an ex-officio member and getting updates from committee chairs.

Interacting with Directors

The chair is the contact point for every board member, interacting with them, setting clear expectations, motivating them to contribute, and providing feedback. And if an individual director can't make the required contribution, it's the board chair who has the unenviable task of asking them to stand down.

Ensuring Board Effectiveness

The nuts and bolts of activities such as board evaluation and succession planning, and director recruitment, onboarding, and development are usually delegated to a board committee, but the board chair retains the overall responsibility for

> "It's not the chair's job to bring a solution to the meeting and lay it on the table. In fact, that approach can become a barrier to group effectiveness."

maintaining an effective board. The chair focuses on continuous improvement in board processes and director performance, making sure these are regularly assessed, there's an improvement plan, and the plan is executed.

Directors can be reluctant to take part in activities like peer evaluations and 360° assessments. It's up to the chair to help reassure them by sustaining a culture of mutual trust and ensuring a confidential process.

Facilitating Board Meetings

One of the trickiest responsibilities of a chair is to run effective board meetings – following a purposeful agenda, running a productive meeting, engaging board members in deliberation, managing behavior, and arriving at a specific, actionable decision. The chair gives all directors airtime, letting the discussion continue until a consensus emerges, where every director feels like they've been heard. Once a decision has been reached, the chair checks that every director understands and supports it.

It's not the chair's job to bring a solution to the meeting and lay it on the table. In fact, that approach can become a barrier to group effectiveness. Instead, the chair focuses on the process – framing the discussion, listening and observing, rephrasing what directors say, and synthesizing into a proposed resolution that everyone can support.

"If I want to see the whole picture and facilitate the work of the group, I should not play. I should become an onlooker without any stake in the game. Rather than ask myself, 'What is the best solution for a problem?' I should ask 'What is the best way to organize a discussion of the problem?'" – Jane Macleod, quoted in How to Be a Good Board Chair. Harvard Business Review

> "The ability to flex between soft and hard leadership approaches is critical. 'Soft' in being reassuring, calming, soothing, a rock to lean on, and 'hard' in making tough business decisions ... ." – What Makes a Successful Board Chair, Russell Reynolds Associates

> ***"Don't make the mistake of thinking of the board chair as the CEO's boss – that's the role of the full board."***

Maintaining a Relationship with the CEO

The chair and CEO are partners in fulfilling the organization's purpose. It's a partnership that needs trust, constant attention, and open communication. Don't make the mistake of thinking of the board chair as the CEO's boss – that's the role of the full board. The chair's task is to make sure the board provides the goals, resources, rules, and accountability the CEO needs, and to keep directors informed.

Representing the Board

The board chair is the primary interface between the board and its stakeholders and is the board's spokesperson when needed, such as at the Annual General Meeting or when confronted with a crisis. In these interactions, the chair does not speak for themselves, but expresses the collective voice of the board of directors.

What Competencies Are Needed?

Everyone seems to agree that the competencies that make for an effective CEO are of little help in the work of the board chair. Instead, effective board chairs need skills and attributes such as the following:

- *Restraint. They are not domineering - they create conditions that allow others to shine. They speak little, never taking up more than 10% of the airtime during any meeting.*

“Restraint, patience and being a good listener are important attributes of a good board chair.”

- *Passion. They’re professional, but they also care deeply about the company, the board, and employees.*
- *Patience. Their passion is tempered by the ability to pause and reflect. Rather than rush to get things done quickly, they focus on getting them done properly.*
- *Availability. Their presence is felt as little or as much as necessary. They put in the required time no matter what.*
- *Facilitation skills. They conduct meetings so that, after everyone has shared their views openly, the group is able to come to consensus.*
- *Communication skills. They communicate clearly on behalf of the board in different settings and situations.*
- *Personal qualities. They have humility, integrity, and courage. They demonstrate respect for others, fairness, and authenticity. They are curious about their environment and open to change.*
- *Soft skills. They have the ability to listen with a non-judgmental attitude, ask questions, frame issues, and provide feedback.*
- *Hard skills. They are skilled at planning, organizing and goal-setting. They are system thinkers who can easily synthesize information and viewpoints.*

“The ability to flex between soft and hard leadership approaches is critical. ‘Soft’ in being reassuring, calming, soothing, a rock to lean on, and ‘hard’ in making tough business decisions … .” – What Makes a Successful Board Chair, Russell Reynolds Associates

Are You Right for the Job?

This checklist, adapted from the Spencer Stuart article Becoming a non-executive chair. might help you decide if you’re a suitable candidate. If you can truthfully agree with most of the following statements, you could be a good board chair.

- *I have the time and energy to commit to the role.*
- *I care about the organization and what it does.*
- *I’m okay with the fact that the chair is less important to the organization than the CEO.*
- *I take pleasure in ensuring the success of others.*
- *I don’t crave public credit for what I accomplish.*
- *I have the desire to lead others, but not in an executive way.*
- *I’m able to give advice, then stand back and let others execute.*
- *I’m happy to lead from the front in bad times and from the back in good times.*
- *I can switch from providing challenge when things are going well to supporting the management team when their backs are against the wall.*
- *I’m a good listener. (I don’t just believe that – others have told me so.)*
- *I remain calm under pressure.*
- *I have a good understanding of human behavior - how people think and interact.*

How to Prepare Yourself

Okay, you've read the job description and the required skills – and you're still interested. Plus, you think you'd be good at the job. What now?

Here are some steps to consider:

› *Observation: Serve on a variety of boards to observe a number of board chairs. What do they do well and not so well? Who comes closest to your ideal chair and what can you learn from them?*

› *Reading: I highly recommend Brian Hayward's book The Great Chair: A Window on Effective Board Leadership for an insightful, entertaining and practical view of what it takes to be an effective board chair.*

› *Training: Keep an eye out for courses that can help you advance. These do not have to be specific to being a board chair – in fact such courses are few and far between. Instead look for ways to develop specific skills like active listening, facilitation, or emotional intelligence.*

› *Committee chair: Volunteer to chair a board committee – it's a great way to learn about the role and strengthen your skills. Besides, chairing a committee will ensure you are on the radar in terms of board succession.*

› *Vice-chair: A board vice-chair position might be a natural stepping stone to the role of board chair. Make sure the board chair knows you would be interested.*

› *Mentoring: Learning from veteran chairs is always helpful - whether your own board chair or the chair of a different board.*

Your takeaways:

› *Board leadership and executive leadership are two different things.*

› *Restraint, patience and being a good listener are important attributes of a good board chair.*

› *The chair role is not for everyone. Give serious consideration to whether or not you would be a good fit.*

› *If you're still interested, take charge of getting yourself ready for the role.*

The Relationship Between the Executive Director and the Board

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9 AUGUST 2019

Companies and organizations go through various phases and stages in the business cycle. Whether an organization is a startup or a mature, transitioning, stable or progressing entity, the relationship between the executive director and the board chair is one of the most important relationships of all in making it a success.

The relationship between the executive director and the board chair is an interdependent one that requires regular communication and collaboration. These individuals must have good chemistry so that they can connect and communicate well with each other.

Besides the obvious need to work together, the relationship between the executive director and the board chair sets an important precedent for other relationships. Their relationship has a collateral effect on the other board directors, managers and staff. These two individuals represent a small, but powerful, leadership team. Either they set the stage for respect and cooperation or they set the stage for tension and dissonance among the ranks.

Professionalism, mutual trust and respect are contagious. When those qualities exist between an executive director and a board chair, they will be evident to everyone around them. These qualities set the tone for lower-level relationships and inspire collaborative work at every level.

It takes time, effort and commitment to make the relationship strong and productive. When both parties are committed to their relationship, and to the company or organization's mission, they can accomplish mighty things together.

> ***"Professionalism, mutual trust and respect are contagious. When those qualities exist between an executive director and a board chair, they will be evident to everyone around them."***

The Importance of Staying in Your Own Lane

For the board chair and the executive director to maintain a strong professional relationship, each of them must be clear on their duties and responsibilities.

Board chairpersons should be focused on governance. In that role, the chair has responsibilities to the executive director and to the board.

Board chairs need to remove themselves from the day-to-day operations and organizational politics and stay in their own lane. The board chair should be focused on ensuring that the work that the executive director and staff do is continually in keeping with the organization's mission, direction and priorities. Part of this duty requires providing guidance and wise counsel to the executive director. When board chairs have a good working relationship with the executive director, they will feel confident and prepared to give presentations on the status of the organization to the board, interested parties and the media.

The board chair has much influence over how the board uses its time. By keeping duties and responsibilities clear, it makes it easier for the board and the board chair to be objective and to make wise fiduciary decisions.

By contrast, the executive director should be focused on managing the daily operations, leading the organization and motivating staff. Executive directors who have a good working relationship with their board chairs feel that they have an ally in him or her.

While smaller organizations with little or no staff may rely more heavily on their board directors as volunteers, it's important that board directors refrain from meddling in the duties of the executive director or trying to micromanage them as they carry out their responsibilities. Executive directors have a reciprocal responsibility to support the

> “The board chair should be focused on ensuring that the work that the executive director and staff do is continually in keeping with the organization’s mission, direction and priorities.”

board chair in delivering the mission. In addition, executive directors play an important role in keeping the board chair informed on issues such as risk management and updates on operations.

From a broader perspective, executive directors support governance by giving the chair the necessary data and information in order to show accountability and transparency.

The relationship between the board chair and the executive director is a work in progress. When it works well, the relationship should grow and strengthen through shared challenges and experiences. Mutual trust, respect and a common understanding of the organization’s goals are key to making this relationship successful.

Executive directors and board chairs work on board meeting agendas together and executive directors are usually instrumental in shaping board discussions.

The Value in Sharing

An article in the Journal of Nonprofit Management called “The Board Chair-Executive Director Relationship: Dynamics that Create Value for Nonprofit Organizations” talks about the various ways that it’s important for executive directors and board chairs to share information with each other.

Fact-sharing is a key form of one-way communication. Executive directors and board chairs have different kinds of information to exchange. On both ends, fact-sharing is a good way to start building trust and keep the relationship strong.

> “...it’s important that board directors refrain from meddling in the duties of the executive director or trying to micromanage them as they carry out their responsibilities.”

As there are many uncertainties in running any company or organization, there are continual opportunities for the duo to participate in brainstorming, problem-solving, out-of-the-box thinking and exploring those all-important “what-ifs.”

Both positions come with lots of responsibility. Feelings can run high. Each of them plays a role in emotionally supporting each other. Board chairs and executive directors can strengthen their relationships by regularly offering words of support, reassurance and care.

Give-and-take exchanges are important all the time, but especially in times of change and transition. Leaders can share information that helps them make concessions, adapt to changes, address new challenges and adjust to changing circumstances.

> ***“Fact-sharing is a key form of one-way communication. Executive directors and board chairs have different kinds of information to exchange. On both ends, fact-sharing is a good way to start building trust and keep the relationship strong.”***

11 Steps To Writing Effective Board Papers Every Time

IBABS

If you're not entirely sure what board papers are, let's start there. Board papers outline key information on the discussion points, decisions and actions required for a board meeting and are usually a few pages in length. This is not to be confused with board minutes, which are different.

Generally speaking, guidelines for a board paper include:

- *An executive summary*
- *Recommendations*
- *Background information and context*
- *Discussion points and actions*

Board papers are a critical piece of the puzzle when it comes to governance, giving the key decision-makers the information they need and keeping board meetings as structured and effective as possible. Without being part of the day-to-day running of a business, the board of directors rely on the information given to them in board reports to make the right decisions.

Without the right information and presentation, there may be oversights and misunderstandings that can have knock-on effects on the rest of the business. So, as someone who prepares documents for the board, how can you ensure that you're preparing effective board papers?

Why do you need to write board papers effectively?

The purpose of the board of directors is to make sure that the business is heading in the right direction and the right activities are taking place. That's why they need to be aware of any issues that may stand in the way of business progress.

As some boards meet semi-regularly, well-prepared board papers are vital in equipping directors with the information they need to make effective, timely decisions. Too often they are overwhelming in volume and information, yet still insufficient for good decision-making.

11 steps to help write effective board papers every time

The impact of board papers on meetings and effective decision-making is often overlooked. Here are a few steps that will help ensure you write effective board papers every time:

1. Write for the reader

During the development of board papers, keep in mind that you are writing for the reader. Know what purpose your documents have and what information is necessary and unnecessary for the board to know to make strategic decisions. Often, high-level insights at a departmental level, as well as overviews of the available data, will give the board everything they need.

Top tip: Don't forget that a picture is worth a 1,000 words – instead of going into detail, it's appropriate to use graphs, pie charts and/or tables as applicable to better display information and data trends.

2. Write in plain English

Too much jargon can decrease the value of the information and divert attention from what is actually important. Remember to write in plain and simple English to make it easy for anyone and everyone. Each director on the board will have their own expertise, so marketing jargon isn't relevant for a board that includes someone who deals only with finances, and vice versa.

As part of the general board paper process, use a formal business writing style to keep the content relevant and understandable for all involved. If there is unavoidable jargon, technical terms or legalese, try to include a glossary of meanings.

"...well-prepared board papers are vital in equipping directors with the information they need to make effective, timely decisions."

3. Include only new information

As board meetings are often restricted in time, don't rehash the same content from previous meetings. While reminders and context are appropriate and valuable, presenting 'old' information as new is unhelpful and not a good use of the time available.

4. Only share relevant information

Again, time management is key in board meetings, so it's important to stick to the agenda, keep things moving and get decisions made quickly. Therefore, when preparing board papers, be sure to weed out unnecessary details and only share short and crisp points from the topics covered to achieve maximum effect with minimal information.

Similarly to point 3, context is key, but be mindful of the level of detail included and think about how relevant this is to the decision-making process.

5. Don't duplicate the management report

For effective board papers, don't just copy the information from the management report. Here are some critical differences between a management report and a board paper:

Management report	Board paper
Department-specific	Runs across the entire business
Aimed at internal stakeholders including low-level management	Aimed at the board of directors
Generally related to one particular purpose or strategy	Intended to support multiple high-priority decisions
Tracks performance	Does not actively track performance
Makes predictions about the future based on previous data	Aids future decision-making, including information about the consequences and potential risks involved in each scenario
Data-heavy and detailed	High-level data only
Not an official record	An official record

While information from the management reports may be appropriate to use, board papers require less detail. Copying and pasting the same information from the management report will not help to have an effective board meeting.

6. Facts and evidence are your best friends

As the author of the board papers, it's easy to underestimate your knowledge of the context and core reasons behind each statement. Especially as you are editing a wide range of data and evidence into smaller, easy-to-digest points. The reader might not have the same knowledge you do.

Top tip: Back up persuasive statements with evidence that can assure the reader what you say makes sense, without overexplaining.

7. Follow content with strategy

Board paper writers should remember that, after mentioning a step taken, it is useful to follow up with the strategy that was considered. This helps readers understand the goals behind the steps taken.

For example, you might explain to the board that the sales team has started to use an additional method for sales. This may need extra funding. Demonstrate to the board why this was tested initially – perhaps through competitor insights or customer feedback. This helps the board of directors to better understand the journey, context and background before making a decision on the way forward.

8. Properly structure your content

To keep the board documents simple to understand, use a structure that prioritises and clearly showcases the most important topics. This should form an ongoing style for board papers for that particular board. Use the following formatting styles to keep the document clear:

- *Create a structured layout. This may include an index or appendix and page numbers.*
- *Use the house style, preferred options for fonts and relevant branding (including colours as necessary).*
- *Format headers and titles.*
- *Use bullet points for key facts rather than lengthy paragraphs.*

> "Simplify the information you share, and justify it with facts and figures. Only include the most relevant details, and make sure all information is accurate."

> “Your goal is to provide the most relevant and valuable insights to help the board members make a decision.”

- *Use bold, italic and underline formatting options to highlight key issues.*
- *If online, share sources of information using hyperlinks.*

Good structuring also means creating a logical order to the documents. If one decision can’t be reached until another is made, it’s logical to position the critical decision first to help inform the second decision.

9. Keep it concise, accurate and relevant

Simplify the information you share, and justify it with facts and figures. Only include the most relevant details, and make sure all information is accurate. As needed, link to or share an appendix with relevant sources, previous board meetings or notes to demonstrate accuracy.

In the same vein, double-checking your sources of information and data is crucial. And so is transparency. If there are big decisions to be made, make sure the risks and consequences of each outcome are explored thoroughly, instead of just highlighting the benefits of each option.

10. Keep on editing

Give yourself ample time for board paper preparation. Don’t be scared to edit the document and cut it back. Start by adding the information you think is most relevant, then step back overnight and go through it again the following morning. This will give you a fresh perspective and more of an editing eye.

Don’t refrain from editing, and keep doing so until you feel the information shared is to the point. Your goal is to provide the most relevant and valuable insights to help the board members make a decision. So, don’t be afraid to cut sections out if you don’t think they’re helpful to the process.

11. Understand the value of feedback

Peer feedback helps improve the board paper, especially when seen from a fresh pair of eyes. A great tip for making sure that your points are coherent is to use Google Translate to read the text, and that will allow you to hear any sentences that don’t make sense.

If this is your first time creating a board paper, don’t be afraid to ask for feedback. Many of the board members will have had previous experience with such papers and may be able to give you some pointers for your next one.

What do directors need from board papers?

Board papers need to clearly demonstrate all necessary information, facts and figures to assist strategic decision-making. Having missing, incomplete or false information can lead to poor decisions and, as a result, a lack of business progress.

Directors and non-executive directors alike have a duty to stay informed when making decisions. In some cases, poor decision-making could lead to removal from their position or even legal action if they’ve not acted fairly or in good faith.

So, what do the directors need from board papers?

- *Information on holistic organisation performance*
- *Details of critical events, corporate crises and large-scale issues*
- *Changes made or discussed since the previous meeting*
- *A key summary of the decisions to be made, including relevant context and background*
- *Balanced and unbiased outcome forecasting, including risks, consequences and benefits*
- *A plan of action.*

Conclusion

Following the 11 steps outlined above will keep you on the right track when you’re writing effective board papers. Bear in mind the Three C’s – Clear, Concise and Complete. Focus on presenting the information in an easy-to-understand format. Keep your wording and context relevant and brief.

What Not To Include In Board Meeting Minutes

BOARDABLE
OCTOBER 2022

Knowing what to leave out of board meeting minutes is just as significant as knowing what to include. Remember, a lot rides on the minutes, and recording the wrong things can cause skepticism among stakeholders, legal entities, and others.

With this in mind, let's explore five things secretaries commonly record in their board minutes but shouldn't:

1. Don't Include How Individuals Voted

In each of your board meetings, you'll likely have a handful of items that need to be voted on. While you should name who made and seconded the motion, you shouldn't include how individuals voted. Exclude their names and simply note the number of those in favor, those against, and those who abstained. As a general rule, keep the record impersonal.

However, there is an exception to this rule. If financial transactions involving board members come up or if the executive director's pay is set, let the board meeting minutes reflect how individuals voted and their rationales. In the event of any legal challenges, rationales will support reasonability.

RELATED: There's a lot more to voting than what's reflected in the board minutes. If you want to learn more about refining your voting process, check out our board voting guide, another complete playbook put together by the Boardable team!

2. Don't Include Particular Board Members' Opinions

As previously mentioned, your board meeting minutes should be unbiased. Because of this, board minutes should focus on decisions, not discussion.

On occasion, disagreeing members may state flat-out that they want their disagreement recorded. Avoid this, and instead, simply note that it occurred—no further explanation is necessary.

Similarly, if there was a debate, mention it, but don't make opinionated notations. After all, board meeting minutes are discoverable papers that can be used in any potential legal situation. The last thing you want is to unnecessarily open your board up to liability by not sticking to the facts.

3. Don't Include Summaries of Documents or Presentations

Between bylaws, annual budgets, and new organizational policies, boards of directors review a lot of important documents. Anytime you review a document in a meeting, you should mention presented materials in your board minutes. However, don't go into great detail about its content. Instead, note where it's obtainable, so members don't have to rifle through excess information in the meeting minutes.

4. Don't Include Things That Could Subject your organisation To Scrunity

While there are common distractions in every board meeting, recording them can be problematic in a legal investigation. You'll want to exclude these distractions. For example, leave out the following from your board minutes:

- *Praise or displeasure*
- *Small talk or political banter*
- *Negative spin*
- *Unnecessary legal terms*

When in doubt, leave it out. This goes for anything that could present complications if reviewed later by others. If legal commentary was made or if the organization's lawyer advised the board, simply note that this occurred in the board minutes. Don't record the substance of the legal advice.

5. Don't Include Off-The-Record Conversations

Side discussions are bound to happen, but they shouldn't be recorded. These off-the-record comments and discussions are certainly allowed to take place, but they must be clearly designated as off-the-record. If a board member brings up an issue that's worth clarifying but doesn't appear in the agenda, it doesn't normally need to be detailed in the board minutes.

Instead, note that directors took the time to discuss items that weren't on the agenda. Nothing else should be recorded about any tangents.

Committee efficiency and board collegiality

XAVIER BEDORET
GOVERNEO
NOVEMBER 2020

How do you balance the exercise of power between an efficient committee and a collegial board?

The board agendas are overloaded. The idea behind the creation of a committee is to harness the specific talents, skills and time of individual directors to prepare the work of the board on particular areas of concern. The most common committees are: audit, nomination & remuneration, governance (mainly in the US) and risk (mainly in the financial sector).

Board committees provide clear benefits: specialization, efficiency and accountability. But this is at the expense of segregation of knowledge and asymmetry of information with regard to the other directors.

The seriousness of the work and the complexity of the subjects mean that recommendations conveyed by a committee are often considered as quasi-decisions. In addition, the credibility of these recommendations is further enhanced by the fact that committees often enrich their debate by inviting experts from outside the board or the company.

The chair of a committee must discipline herself/himself to report fully and promptly to the board. She/he must remind the board that the committee has limited itself to contemplating the subjects; it is for the board to take over and come to a decision.

A recent survey indicated that more than 50% of the board's activity takes place in the committees. It is no wonder, then, that one sees directors promoting themselves to the front door of these committees. They are not looking for higher remuneration or heavier responsibility ... but for a rich and extensive forum for debate. It is at the committee level that directors experience in a concrete way their dual role of monitoring and advising the enterprise. Take note of this trend but avoid exacerbating it: do not empty the board meeting of all the exciting subjects, leaving only the statutory topics.

Most boards maintain the same committee structure from year to year with little thought given as to why committees are needed and what they do. Boards should consider looking at the current committee structure and reform it. Now, with respect to the committees themselves, they should not take on a life of their own, nor should they overshadow the board.

It is not only the committees that can unburden the board and look into specific subjects. A task force composed of directors may be set up on a particular subject and for a specific period of time. Alternatively, an advisory council composed of external experts can be invited to give its opinion freely on a subject of particular interest. There are, therefore, a variety of advisory bodies that are available to the board to examine the subjects that will then be submitted to its decision-making power.

In any case, let us remember that these bodies are advisory and that only the board can make decisions on any matters. This reminder is important, particularly when talking about the civil and criminal liability of each director, and when considering their various levels of knowledge and involvement in the monitoring of the company.

In short, we will retain two messages, one for the chair of the board, the other for the chair of the committee:

› *if you entrust technical and complex matters to a committee, ensure that you reopen these items during the board meeting in order to substantiate the decision-making process;*

› *when you report to the board, make your presentation attractive and relevant in order to prevent the subject being ratified as a mere formality.*

> "She/he must remind the board that the committee has limited itself to contemplating the subjects; it is for the board to take over and come to a decision."

Reports by Directors for Directors

SCOTT BALDWIN
THE SAVVY DIRECTOR
23 JULY, 2023

Most of the available advice about how to improve reports for the board of directors is about content from the senior management team – reminding us that, even though it's easy to point the finger at management for voluminous reports that are painfully dense, the board itself is accountable to ensure it receives the information needed to fulfill its role. If you, as a director, aren't happy with the form, length, style, and content of your board's management reports, go ahead and raise the issue. Others on the board are probably thinking the same thing.

Board committee reports are the most common example. Committees – whether standing or ad hoc – are accountable to the full board and must report back regularly. Committee reports, usually written by the committee chair, are typically included in the board package, although some boards make do with an oral report.

Committee reports serve as a communication tool to update the full board of directors on the work of the committee, and to put forward recommendations or motions that will be discussed at an upcoming board meeting.

A well-written committee report sets the table for quality board discussion and allows directors to make the most of the limited agenda time available.

Why Committee Reports?

Committees contribute to board effectiveness because they allow a smaller group of directors to spend more time, conduct a deeper dive, and bring their particular expertise to bear on what's before them. By delegating some of its work to committees, the board quite simply gets more done.

"By delegating some of its work to committees, the board quite simply gets more done."

The board depends on its committees to do their work and do it well. But that doesn't relieve the full board from knowing what's going on within its committees. That means committee reports are more than just a formality. They assure the board that committees are doing their due diligence and fulfilling their mandates.

Committees typically don't have the authority to decide on behalf of the board – they can only make recommendations for the full board to consider. Done well, committee reports ensure that every director on the board – whether they sit on the committee or not - has the same information upon which to base a discussion. They enable directors to go the last mile toward a decision, knowing the committee has delved into the detail.

"Most boards take in their information by reading and use the meeting to discuss the information and ensure that all board members have reached the same conclusions. It is thus vitally important that boards be given good written information before, during and after the meeting." – Julie Garland McLellan, FAICD

> "Done well, committee reports ensure that every director on the board – whether they sit on the committee or not - has the same information upon which to base a discussion. They enable directors to go the last mile toward a decision, knowing the committee has delved into the detail."

> ***"When the committee chair reports with enthusiasm, the rest of the board will receive the update with the same energy. Hearing about the progress being made keeps the entire board on track towards its goals."***

Reports vs. Minutes

So, why ask for committee reports if committee meeting minutes are available? These two types of documents are not interchangeable and have different purposes.

Minutes serve as the official record of everything that happened at the meeting, from the call to order to adjournment. They're vital from a legal, record-keeping point of view, but they can't exactly be called engaging.

Committee reports, on the other hand, should highlight the most important issues emerging from the committee's discussions, focusing on material judgements and big decisions being considered. That makes them more interesting and relevant than the minutes, especially if the author resists the temptation to make their report a blow-by-blow account of each item on the committee agenda.

Including written committee reports in the board package is especially useful to the board members who aren't on the committee and weren't privy to the in-depth discussion. A well-written report helps them prepare for the board meeting by providing food for thought and addressing some of the questions that otherwise might take up valuable time.

The Desired Outcome

According to board governance expert Julie Garland McLellan, FAICD, board reports should always be written to achieve a desired outcome.

I reached out to Julie for some additional perspective on writing committee reports. In addition to running a global advisory practice from Sydney, Australia, Julie is an experienced professional company director with a real-world view.

Julie says, "The paper must be written to generate the desired outcome. This does not mean that the board should be manipulated by careful selection and editing of the information included in their papers, although that does sometimes happen."

Desired outcomes for board committee reports include these four:

› *For noting – a report with information the board needs to discharge its duties.*

› *For information – a report with information that would be useful or nice for the board to have but isn't required for an immediate decision.*

› *For decision – a report calling for the board to make a decision based on the information included in it.*

› *For discussion – a report about an issue on which the board needs to reach consensus and form a shared opinion, even though no decision is required at the time.*

Many times, the desired outcome is not formally identified in the report - directors are just expected to understand what's required. To avoid this, Julie recommends – and I tend to agree - starting the first sentence with words such as, "This report calls for a decision upon the awarding of a contract ..." or "This analysis will be discussed at the meeting."

I've seen many examples over my time serving on boards. Here are two examples I've seen work well:

› *The X Committee met on (date). Following is a brief summary. For full details, please refer to the draft minutes. There are no recommendations for approval by the Board at this meeting.*

› *The X Committee met on (date). Following is a brief summary. For full details please refer to the draft minutes. There are three recommendations for approval by the Board at this meeting.*

The written reports are included in the board package, providing directors a heads-up about whether or not board decisions will need to be made based on the committee's recommendations. That's where the real value come from – getting everyone on the same page, ready for a robust board discussion.

When the agenda item comes up in the board meeting, the committee chair provides a short oral recap to set the stage for discussion and questions. This recap doesn't involve reading the report aloud. Instead, it should focus on any items with a desired outcome of either a board decision or a full board discussion.

When the committee chair reports with enthusiasm, the rest of the board will receive the update with the same energy. Hearing about the progress being made keeps the entire board on track towards its goals.

Board Committee Report Templates

It's not uncommon for organizations to use a customizable template for board reports. Templates add clarity, understanding, and speed of reading. With regular use, board members become familiar with the template and can focus quickly on the key points.

There's no single right way to design a template or write a board report. A format that works for one board may not work for another. If you're new to the board and tasked with writing your first report, ask to see an example of a past board report that worked well. It will give you some idea of the board's preferred style.

There's nothing wrong with introducing an improvement you've seen used in another situation. Just be careful to avoid saying, "Well when I was on the XXX board, we did it his way…" That just invites resistance to a good idea.

The BoardEffect article Board Report Template and Outline by Jeremy Barlow outlines a sample board report template that you can use as is or revise for your particular situation. Here are the elements listed in the article:

- *Name of committee*
- *Name of committee chair*
- *Names of committee members*
- *The objective of the committee*
- *Summary of recent accomplishments and current activities*
- *List of activities in progress and upcoming events*
- *Financial impact*
- *Dissenting opinions*
- *Recommendations to the executive director or CEO*
- *Recommendations to the Board of Directors*

For longer, more complex reports, you might try using an Executive Summary format with appendices. All the information needed for the decision should be in the main body of the report, as directors don't always read the appendices.

On some committees, there's a support person who takes notes during the meeting and drafts a report for review by the committee chair. But if you're writing the report yourself, it's best not to rely on your powers of recall to compose the report after time has passed. Instead, take a few notes during the meeting, commit to brevity, outline the action items, and proofread the report. Shred your notes when the report is finished.

Cross check your report with the meeting minutes for accuracy and anything else you may wish to expand on. Remember, the minutes should reflect the due diligence of the meeting while the committee report expands the narrative to support board discussion and decision-making.

Oral Reports

Many boards don't require written committee reports – perhaps your board is one of them. This might be due to timing – if committee meetings are held immediately prior to the board meeting, there's no time to draft a written report, and draft committee meeting minutes are probably not available either.

Sometimes, even if there's a gap between committee meetings and the board meeting, written reports are still not expected. Personally, I'm not in favor of that approach because it doesn't allow board members an opportunity to prepare.

Whatever the reason, if there's no written report in the board package, the onus falls on the committee chair to deliver an oral report that allows the board to satisfy itself that the committee is fulfilling its mandate, receive important information that the committee has reviewed, and consider committee recommendations for decisions.

If you're called upon to deliver an oral report to the board, it's best to have prepared notes in front of you. These notes should hit all the same highlights that would have appeared in a written report, with emphasis on important discussions and recommended decisions. Since it's unlikely you'll have draft minutes to rely on, make sure that your note taking during the meeting is aligned with what you'll want to report on.

Your takeaways:

- *Keep in mind, the purpose of a board committee report is to communicate to the board for the purpose of a desired outcome – noting, information, decision, or discussion.*
- *Using a board report template provides a guiding structure for both writing the report and facilitating its understanding by the reader.*
- *There's no one right way to write a board report. Look for examples of previous reports that were well received and augment where you can add value.*
- *Begin each board committee report with a clear statement of what it's intended to achieve.*
- *Developing your communication skills to deliver concise reports - written or oral - adds to your positive reputation as the kind of director boards want.*

STRATEGY, PERFORMANCE, RISK AND STAKEHOLDER MANAGEMENT

Governance Red Flags in the Boardroom

HENRY DELOZIER
BOARDROOM MAGAZINE
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Most private club board leaders are aware of their duties as fiduciaries thanks to a steady drumbeat from BoardRoom magazine and other leading thought sources. Generally speaking, they know that they are bound by duties of care, loyalty and obedience. What red flags, then, should they watch for in the boardroom?

The duty of care indicates that directors must be prepared, informed and present for board service. The duty of loyalty means that directors must place the club above themselves to ensure that their efforts are guided by what benefits the club. And the duty of obedience requires that directors adhere to club bylaws and governing rules.

Everyone knows these things … right? No. In fact, many board members put themselves and their parochial interests ahead of the club and choose not to adhere to their duties. Four red flags are waving in club boardrooms when this occurs:

Preparedness

Most board members have not studied board materials before the meeting is called to order. How can you tell? Usually, they are rapidly skimming board reports and information once seated. The lack of preparation indicates that board members are too busy or too disinterested to prepare for the meeting. It is a signal that should not be overlooked.

How to address those who are ill-prepared: Be respectful and direct in a one-on-one conversation. “I see that you are not prepared for board meetings. Are you too busy? Or is there a reason you do not prepare to serve well?” If the problem continues, suggest that the unprepared individual stand aside for others who will take board service responsibly.

Confidentiality

Like that of any other corporation, club business is confidential and proprietary. This means that board deliberations and discussions are not to be shared outside the boardroom. Not even at the gin rummy table in the men’s grille … or in the beauty salon … or even at the grocery checkout counter.

Too often, board members forget that their club is a corporation which requires board members to comply with the same standards as a publicly traded entity such as General Electric or Apple. The incapability to respect and preserve the confidentiality of the boardroom is a warning that the board chair and others should not ignore.

How to address those who are not confidential: Mark all board documents as “confidential” and advise indiscreet board members that they should not serve on the board if they cannot be relied upon to maintain the trust and confidentiality of fellow board members. If the problem persists, ask the board members to stand down.

Collegiality

A growing frequency of bullying is evident in club boardrooms. Often, this behaviour arises from frustration or non-board differences in lifestyle, interests and/or backgrounds. Boards that perform well conduct discussions and even disagreements in a patient and respectful manner. Bullying is a red flag.

How to address those who are bullies: Advise them that the behaviour must be stopped. Do not equivocate or make excuses. Effective servant leadership requires mutual respect. Bullying behaviours should not be tolerated, and bullies should be asked to surrender their seats on the board.

Micromanagement

Many board members in private clubs are exceedingly supportive and want the best for their clubs. Some board members cannot oversee without needing to take over. Turning off the impulse to tell others what to do is essential to effective board service. The board exists to empower and enable the management team to perform well. Board members becoming overly involved in tactical matters and management are a decided danger to the club.

How to address those who micromanage: Explain to board micromanaging members that others observe their overreaching behaviour and believe it is a disservice to the club and its management team. The board chair should discreetly instruct offending board members to cease their overreaching behaviour.

Board leaders do well to watch for the red flags that can undermine the efforts of an otherwise strong board.

The Difference Between Governance and Management

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20 JULY 2021

In the most simple terms, boards are responsible for oversight and planning and management takes care of the daily operations. The breakdown in the duties and responsibilities for each section are much more extensive. Whether you take a broad or a narrow approach to the difference between governance and management, the differences are specific and distinct. Those who know their roles well also understand the importance of not blurring the lines between the two roles. When board directors and managers stay in their own lanes, corporations are more likely to run smoothly.

The Role of Governance

The board of directors takes on the role of governance. Governance is the practice of the board of directors coming together to make decisions about the direction of the company. Duties such as oversight, strategic planning, decision-making and financial planning fall under governance activities.

Board and Governance

The board is responsible for creating the company's bylaws, which are a set of core policies that outline the company's mission, values, vision and structure. On an as-needed basis, the board creates and approves major policies for board governance.

Distinguishing Governance from Management

One way to define the differences between governance and management responsibilities is to determine whether a duty or responsibility focuses on the big picture. In a paper called "Distinguishing Governance from Management" author Barry S. Bader outlines seven guiding questions to determine whether something falls under governance and is thus the board's responsibility:

› *Is it big?*
› *Is it about the future?*
› *Is it core to the mission?*
› *Is a high-level policy decision needed to resolve a situation?*
› *Is a red flag flying?*
› *Is a watchdog watching?*
› *Does the CEO want and need the board's support?*

Governance vs Good Corporate Governance

In a perfect corporate world, all of the managers and employees know their duties and responsibilities and act on them responsibly. They're honest and hardworking people with a solid commitment to ethics and integrity. Unfortunately, that isn't always the case. The board of directors is intended to be the check and balance that oversees employees and all aspects of the company's operations. That's why the board is ultimately responsible if they fail to be diligent in their oversight duties.

All companies face known and unknown risks. Technology has caused risks to become more prevalent and intrusive to business. Board directors practice good governance when they work jointly with IT personnel and senior executives on overseeing risk management and establishing a healthy risk appetite.

In the area of strategic planning, boards are responsible for delivering sustainable shareholder value for the short and long term.

> "One way to define the differences between governance and management responsibilities is to determine whether a duty or responsibility focuses on the big picture."

"While the board of directors creates company policies, managers are responsible for enforcing company policy and holding employees accountable for their actions."

Board of Directors vs Management

Boards should refrain from getting directly involved in daily matters. Without being directly involved, boards must work closely with managers by providing guidelines. Management should be sharing financial reports and the annual budget with the board. Boards analyze financial reports and make many decisions, including decisions about major acquisitions, disposals and capital expenditures.

The board recruits, appoints and monitors the appointment of new senior executives, reviews their performance, and sets their pay and other benefits. Boards allow managers to develop their operational strategies and boards review the strategies to make sure they're in keeping with the overall planning.

Boards of directors must take action when necessary for the good of the corporation, especially with regard to unexpected crisis situations.

The Role of Management

Management structures can take on an infinite number of formats depending on the size and type of company. In all cases, management decisions support and implement the board's goals and values. Managers make routine operational decisions and handle all of the administrative work that makes the operation tick. Administration interconnects with nearly every department in the operation.

Managers also have a wide variety of duties and responsibilities that are quite different from those of the board.

Senior management staff relies on middle and lower management staff to interview, hire, train and retain new employees. The task of hiring employees also includes delegating tasks according to the company's needs and identifying employees whom they can trust to get the job done. Retaining quality employees involves evaluating data and employee performance to encourage excellence in work standards.

Executives become the liaison between the board and lower-level managers. One of their duties is to communicate the board's expectations down to employees in lower levels of the operation. To accomplish this, managers may break down the board's expectations into short- and long-term operational goals to see implementation through to completion.

While the board of directors creates company policies, managers are responsible for enforcing company policy and holding employees accountable for their actions.

Governance Skills

Managers need a variety of skills that are distinctly different from those of board directors. First, they need good motivational skills, so they can motivate staff and create a working environment in which everyone thrives. Along the same lines, it's good for managers to have good coaching skills. Most employees will require some level of training and they need continued encouragement to improve their performance.

While the board may provide an overall budget, department managers often have to produce their own budgets and communicate their budgetary needs to senior managers. Senior managers communicate the lower managerial budgetary needs to the board so that budgetary matters get reconciled throughout the company.

Managers are in a position where they have to please or appease people on many different levels and from many different facets of the organization. As a result, managerial positions are often high-pressure/high-stakes jobs that require a cool head and sound decision-making under pressure. Managers who have good collaborative skills can often take some of the pressure off themselves by using problem-solving strategies to move past challenges.

Economic challenges and technological advances cause a trickle-down effect on operations. Effective managers are good at adapting their management structures in short order as needed in response. During times of rapid change, good managers are also highly effective at communicating those changes throughout the rest of the organization.

Managers with strong skills in governance roles take the initiative to get projects started and oversee them from each step until they're completed. They're also willing and able to intervene if something is going awry.

The Board and Risk Management

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6 FEBRUARY 2022

We remain in the midst of a global pandemic. We have all had to think, respond and behave differently as a result. Things that we took for granted before 2020 are no longer possible or require a different approach. Our expectations have changed. Our priorities have changed.

The pandemic has created uncertainty for us all. This is in addition to other factors that create uncertainty in our environment, business and personal worlds.

The effect of that uncertainty (either positive or negative) on what we are trying to achieve, is risk (as defined in AS ISO 31000:2018).

We manage risk all the time in our day to day lives but what does it mean to manage risk as a board member? How do you know that uncertainty is being managed appropriately? Are you getting the right information to be able to analyse the risks and make informed decisions? Is the whole board really understanding the risks or just focused on the risk register.

Here are a few things for board members to consider in managing risk.

Risk is the effect of uncertainty on objectives

Risk is neither good nor bad. It is about understanding the changes that are taking place around you, thinking and planning ahead. It's about asking what would happen if...?

Once you have identified a risk, you need to decide what to do. You can do nothing and accept the risk. You can share or shift the risk (eg through insurance or third party relationships such as outsourcing payroll or contracting an ITC provider). You can aim to reduce the risk (eg hiring to a specific skill set or installing a security device).

Documents

There are a few documents that are typically used to support risk management, collectively known as Risk Management Framework. This includes a Risk Policy that states the organisation's approach to risk management, Risk Procedures that articulate how risk is managed, Risk Appetite statements that articulate what risk the organisation is willing to take and to what extent, and the Risk Register which articulates the current risks, controls and actions.

In addition, using rating tools, such as likelihood and consequence tables, assist the Board in quantifying the significance of the risk.

Board accountability

The board is accountable for ensuring that systems and processes are in place to adequately identify, analyse, manage and respond to risk. It is important for board members to understand any relevant legislative, regulatory or policy requirements related to risk management that applies to this role, including Workplace Health and Safety.

Usually, the board focuses on the risks that would impact the strategic goals and ability to deliver to the purpose and core functions of organisation. There are times, especially where a significant operational risk arises that requires the boards urgent attention, where it is appropriate for the board to be across the detail of day to day operational risk.

Consider mechanisms to ensure that the board and committees have visibility of the issues facing the organisation, such having risk as a standing item on agendas, or as part of every business case or project update report to foster a culture of not only talking about risk but also documenting the key discussion and decision points in responding to risk.

> "Risk is neither good nor bad. It is about understanding the changes that are taking place around you, thinking and planning ahead."

In response to uncertainty, the board could consider asking these types of questions:

- *What do we know is going to happen that will give rise to uncertainty?*
- *What could happen instead? What else could happen that we can plan for?*
- *What do we want to happen knowing that we have uncertainty?*
- *Are we taking actions to achieve your goals and create value for the organisation or taking actions to protect the value of the organisation?*
- *How resilient are we if a risk materialises?*

Risk appetite

It is also good practice for the board to define the organisation's risk appetite. That is, what we want to do and does that align to our purpose and goals? And how much do we want to do it? What are the boundaries that will guide us in relation to this action, such as how much money will we spend and how much time will we allow? What resources are we prepared to release to the task?

You can have more than one set of statements depending on how you will then use them to assist in making decisions. For example, you may have quite broad statements that are used throughout the organisation to set expectations with staff and/or clients such as "we have a zero appetite for unethical behaviour" or you might have very specific statements aligned to your strategic objectives such as "we have a high appetite to engage with partners who will strengthen our advocacy reach but not at the expense of our values or budget".

Using these more specific statements to guide discussion at the board table is very helpful. It is a way of articulating ahead of time, where the board is willing to take more or less risk. Changes to service profiles, board membership or environmental circumstances can mean that you need to adjust the statements to reflect a changed view, so these are not set in stone, rather they are there to guide discussion and debate.

Shared risk

All organisations rely on third parties to a greater or lesser degree to deliver our services and meet our objectives.

Some of these relationships are formalised through legal contracts, Memorandum Of Understanding or joint ventures. Some are informal such as through professional working groups, or based on influence and relationships such as engaging with family members of clients.

"You can have more than one set of statements depending on how you will then use them to assist in making decisions."

The board should understand who the organisation relies on to be able to carry out its purpose and also who relies on your organisation to fulfil their goals. Then you can ask, is there risk? If so, who is accountable for the risk? Is this level of risk acceptable to us? Are there ways to reduce the risk? What happens if the risk materialises?

VGRMF

The revised Victorian Government Risk Management Framework (VGRMF) came into effect on 1 July 2021. Whilst community service organisations are not required to attest to these standards, they do set out a pathway to good risk management practice. Guidance material related to risk management practice and the VGRMF is available at - https://www.vmia.vic.gov.au/tools-and-insights/practical-guidance-for-managing-risk.

Ultimately, the board has collective responsibility to understand how uncertainty will impact the organisation and time spent talking and planning as a board about the way you will manage risk, gives you a head start when/if a risk materialises.

The greatest value is in asking the hard questions – what could go wrong and stop us achieving our goals and what must go right for us to be successful?

The Impact of Conflicts of Interest on Compliance

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EVERFI
OCTOBER 2021

Just check the latest news feed, and you'll find a number of corporate and governmental scandals focused on businesses, employees, and public officials that failed to properly disclose conflicts of interest.

Consider, for example, research released earlier this week by the University of Auckland that focused on the use of the term "unpaid consultant" to describe the authors of articles recently published in leading medical journals that advocated particular pharmaceuticals, medical devices, and other biotech offerings. Of the reviewed pieces, 92.6 percent of these authors were in fact "associated with for-profit companies and other vested interests," meaning that the unpaid consultant descriptor was more likely to "conceal rather than illuminate conflicts of interest."

And the frequency of these stories is becoming disturbingly more frequent. As part of a 2014 study, CEB Global found that among survey respondents, 27 percent more workers observed a conflict of interest while at work than in a comparable study from 2008. Even more troubling, only 34 percent of these witnesses actually reported their observations.

What Does a Conflict of Interest Look Like?

In a 2012 speech, Carlo di Florio (former Director for the Office of Compliance Inspections and Examinations of the U.S. Securities and Exchange Commission) defined a conflict of interest as: "a scenario where a person or firm has an incentive to serve one interest at the expense of another interest or obligation. This might mean serving the interest of the firm over that of a client, or serving the interest of one client over other clients, or an employee or group of employees serving their own interests over those of the firm or its clients."

"Transparency is one of the most important tools your business can use to effectively manage conflicts of interest."

In many cases, these potential conflicts may prove to be innocuous, posing little threat to your business. But at other times, these concerns can mire your organization in ethical quicksand, inviting scandal, lawsuit, or federal investigation. Routinely the conflicts of interest that your employees will face will manifest in one of a handful of common patterns:

Personal relationships

In a pleasant office environment, it's not uncommon for friendships to form and romance to bloom. However, when these relationships begin to compete with sound business practices, you could face a problem.

Example conflicts:

› *Managers who oversee the work of close friends or family*

› *Vendors that employ a relative of one of your staff*

Compensation

Rewarding hard work and business results is a key to attracting and retaining top talent. But a poorly structured payment scheme that prioritizes short-term financial gains over long-term stability creates the perfect opportunity for fraud.

Example conflicts:

› *Compensation plans that lack managerial oversight*

› *Salary increases tied to unachievable productivity goals*

Outside income

According to research conducted by Edelman Berland, more than 53 million Americans — roughly one-third of the current workforce — engage in freelance work. So there's a good chance that a number of your staff, even those in full-time, salaried positions, are receiving paychecks from other businesses.

Example conflicts:

- *Employees freelancing for one of your competitors*
- *Workers using corporate resources or intellectual property for personal profit*

Gifts and entertainment

Exchanging gifts in a corporate setting can be ethically challenging in the best of situations, so your business should have in place clear, detailed guidelines overseeing any potential exchange.

Example conflicts:

- *Items given shortly before or after a business transaction*
- *Presents given to a government official*

Conflict Resolution

Transparency is one of the most important tools your business can use to effectively manage conflicts of interest. After all, you can't mitigate these risks if you don't know about them. Require your staff to formally document any potential conflicts of interest that they may face, and make sure that you have in place an oversight mechanism that can actively track and evaluate the potential risk of any of these relationships or areas of concern.

Employ frequent audits to confirm that the information you have on file is accurate and that any mitigating steps your business may have taken are being followed consistently. Similarly, since most conflicts of interest revolve around money, use financial analytics tools whenever possible to identify spending irregularities.

A well-educated staff can also prove useful in the fight against corruption. Offer your workers regular ethics and compliance training to make them aware of their personal responsibilities and help them more easily recognize potential areas of concern.

Governance in Golf Clubs: What Really Matters

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The success of any Golf Club has a direct correlation to the quality of its governance. Whilst playing such a key role, unfortunately many are missing the mark in fully understanding what governance really is.

The purpose of this paper is to provide clarity for General Managers (GMs) and Club Directors, on what governance <u>really means</u> in relation to Golf Club management. It identifies some of the reasons why governance is not where it should be at some clubs and prioritises what we have found to be the most important components as Clubs seek governance success.

Through our consulting work, we have observed that there is often significant disparity between defining governance and implementing governance. Whilst it is easy to find and study governance, it is the effective implementation that will determine the Club's level of success.

Unlike profit-oriented businesses, Club structures rely heavily on a traditional volunteer-based model of committees, subcommittees and in some Clubs, co-opted members onto these committees. This structure was created when Clubs were initially established, when money was often limited, a 'not for profit' mindset was common and volunteers made up most of the Club workforce.

Whilst the business of Golf has changed dramatically, today the same structure is often still used. However, Golf Clubs are now multi-faceted businesses. Hosting daily competitions, major events, running a restaurant, maintaining a vast property, owning significant capital assets, managing human resource issues, stakeholder relationships, and complying with government legislation are now all parts of the job. Some Clubs then add gaming, accommodation, other sports and often multiple locations. Add to this risk management, financial responsibility, corporate diligence, constant review of the member value proposition, the want for employee diversity and increasing environmental consciousness, the brief and responsibility is now considerably different. Given the increasing financial scale, as we work with traditional structures in the new golf world, the need for effective governance has never been more important.

As some proof of the ineffectiveness evident, if we were getting it right, we must ask why, pre-Covid, were so many Golf Clubs under financial stress? And why is club management turnover so high and casual vacancies on Boards rising?

So, what is effective governance and why do we need it?

'Governance' is a model or structure that provides the rules, policies, procedures, risk and financial management guidelines for your Club, including the roles and responsibilities of your Board and management.

Governance is the 'glue' that consolidates strategic direction, financial stewardship, Board policy and behaviours with the management and staff, to deliver the best outcomes for the Club, its members and guests. Good governance will ensure a process by the Board of providing the GM with clear and agreed KPI's to which his/her performance can be measured.

It also helps with minimising gaps in policy that may lead to decisions being made that are not in the best interest of the Club.

Why is it not working?

We've identified seven reasons why governance is not always as effective as it needs to be in Golf Clubs.

1) The Election Cycle and Process

The GBAS Club Benchmarking database indicates that near half of all Clubs still have annual elections. By design, such frequency works against good governance. Success often comes from consistent execution of a vision and a plan. When this is assessed annually by a vote, it can preclude the right decision, one that might deliver some short-term pain but be for longer term gain.

Further, the volunteer mentality can lead to Board Directors being elected based on popularity vs capability. This process does not result in the most qualified Boards. Enthusiasm to be on a Board does not mean there is the right knowledge and skill to help it execute.

2) Lack of Director Training

Golf Clubs can be big, multi-faceted businesses with Club Directors responsible for turnover in the millions of dollars, sitting on land often worth tens of millions or more. Despite this scale, there is a lack of Golf Club specific governance training or understanding of the Club business model. Our extrapolation of Club data would indicate that there are more than 8,000 Directors on Boards and committees across Australia yet there is only mandatory training in one state.

On the management side, GMs have Golf Management Australia as their guiding education body for all things 'Golf Club management'. They also have access to resources on many fronts – Clubs (by state) training, the Club Managers Association of America training platforms, data driven insight by Club Benchmarking, the PGA IGI Institute and Golf Australia's support, to name a few. Despite these sources of learning, they are less utilised than they should be, given the importance of governance to Club success. Focussed governance training or experience is often overlooked when Boards are recruiting their next GM.

3) Director Mindset

This originates from the election cycle. Commentary circulates such as 'we don't need that – that's for the next Board. I might only be on the Board for one year so let's not worry about a strategic plan and let's get onto what I think needs to be done in the next 12 months!'

In addition, unfortunately the mindset of both GMs and Boards is often that policies are based more on traditions than on a forward-looking Vision. The objective should not only to be a 'good Club' but a 'good business with a financially sustainable future'!

4) Adverse Director Behaviour

Unbridled egos, dominating personalities, factionalism, obsessions, doing and not governing, single item agendas, lack of Board room confidentiality, are all examples of adverse Director behaviour. These are difficult hurdles and can only be tempered by other good governance practices and strong leadership.

There is also the contingent of GMs and Directors who have the IKB syndrome ('I know better'), even when faced with data driven analyses. Their default disposition is to provide a low cost of belonging to Clubs which may ultimately lead Clubs into financial stress. This makes decision making and progress a great hurdle.

5) Skillset of GMs

This, not just in terms of operational prowess but in terms of EQ and being able to read the room or understand how to handle difficult situations and human interaction. Without this, developing and implementing good governance is insurmountable.

6) Role ambiguity - CEO, GM or secretary?

Many Clubs do not know what position they are hiring for and there is a significant difference between the roles of a traditional Secretary, a General Manager or a Chief Executive Officer.

7) The structure

GMs report to up to 12 Directors, all of which believe they have authority over the role of GM. The importance of the relationship between the President or Chairman of the Board and the GM is paramount. Whilst most GMs have a direct line of reporting to the President, the reality is that Presidents change on average, every few years at Clubs depending on their constitution. So, a GM of 15 years could have 5 direct bosses over his or her tenure. A GM's only control over this situation is completing due diligence before moving to a new job. There is no control after that.

The components of good governance at Golf Clubs

Addressing the identified issues, good or better Governance can be split into three key areas: People, Resources and Focus.

i. People

a) Complete a Board skills matrix and work out the gaps. The matrix would include core areas of skills needed for a Club Board including strategic planning, finance, marketing, catering, gaming (if applicable), hospitality, Golf, management and communication. More importantly, seek Directors who understand their role (duty to the Club, not specific members), their views on how the Board should operate, making data driven decisions and the importance of hiring professionals when needed.

b) Board succession planning – try to avoid contested elections. create a nomination committee or at a minimum, create Board awareness. Seek candidates with Board experience. Remember, ability first, personality second.

c) Consider diversity on your Board to reflect your membership composition. Look at your membership base in terms of age, gender, golf ability and culture.

ii. Resources

a) Provide a summary document (Board Policy Manual) outlining Board, Committee and management Roles and responsibilities.

b) Provide clarity around the role of the head of management. There is a difference between a Secretary Manager, a General Manager and a Chief Executive Officer. This will impact the hiring process, job specifications and roles and responsibilities outlined above.

c) Work to a strategic plan. Without one, Clubs are vulnerable to inconsistent thinking and haphazard actions.

d) Commit to long term financial sustainability. Short and long-term Capital Planning provide the boundaries for decision making. Capital is the primary driver and fuel for growth! (A recent study of over 1,200 Clubs by Club Benchmarking in the USA determined that only 34% of Clubs have a capital plan which identifies future capital needs and how these are to be resourced.)

e) Where possible, use facts and data insight for decision making. Avoid emotional based decisions. In addition to capital planning, benchmark yourself against cohorts to get a snapshot of where you stand.

f) Survey your members to get member feedback – don't be highjacked by the vocal minority.

g) Seek to increase Board stability by lengthening Board terms beyond one year.

h) Optimise the efficiency of the current structure with a view to minimise subcommittees and the frequency of meetings while delegating operational responsibilities to management.

i) Once elected, provide a mandatory Board Orientation Induction Program. This includes sharing the skills matrix, the Club's mission statement, Board objectives, fiduciary responsibilities, organisation structure, definitions of roles and responsibilities of the Board as well as providing governance documents such as policies manual, bylaws, constitution, financial reports, grievance flowchart, relevant articles, publications as well as general information about how the Club operates and makes decisions.

iii. Focus (breed professional, respectful culture)

a) Ensure Board agendas cover strategic initiatives, Board policy, financial (including capital) management and risk assessment.

b) Ensure a comprehensive orientation for new members. This establishes an understanding of member expectations in terms of culture, etiquette and standards.

c) Create and review KPIs for GM and senior management.

d) Understand that for most Clubs, F&B is not a profit centre.

The Missing Link (for GMs)

Good governance documentation is the first step, but it is the execution or actions that matter most.

Robert Sereci, CCM, ECM, is one of the most well versed, well written contributors in today's generation of experienced golf club GMs. While following his recent writing on the 'Governance knowing-doing gap', I thought his insight was intelligent and insightful. I would like to share some of his thoughts which reinforce the EQ skills needed by GMs to convert Governance from literature to practice.

Robert quotes:

"I believe Club professionals know what they should do; however, they don't know how to do it.

We might consider educating them on the tactics and strategies to get it done. Telling someone what they should do is not enough. Club managers often issue messaging like: "We need a strategic plan", "we need fewer committees", or "the Board needs to stop micromanaging me." Hard directives aren't particularly effective in driving sustained human behaviour change. However, if change is desired, Club managers can begin by taking the following action.

Take a deep breath

You'll want to hit the ground running, as your excitement for change will drive you to get as much done as quickly as possible; however, slow change represents permanent change. Making slow changes allows you to prioritize your plans and identify the most critical issues to introduce first. The best way to start is for you to assess your political climate and capital honestly. Creating governance changes without trust from your Club President or Board is a non-starter. If you have none, establish trust by developing relationships and bank some easy operational wins first. However, if you believe you have the political capital to embark on this journey, create a list of what you want to accomplish and prioritize these based *on how much energy and disruption the changes will cause you, your team, Board, and membership. A word of caution: any governance change will require more effort and take longer than you expect.*

Start with the less controversial

Unless you have a well-oiled governance model, suggesting to your Board that you reduce your Board size from 13 to 9 or suggesting that you revamp your nominating process is unwise. Upon arriving at a new Club, introduce less controversial suggestions like using formal Board motions and consent agendas. Perhaps introduce the idea of creating a responsibility matrix to ensure that we identify everyone's roles. Or start with conducting new Board member and new president orientations. Governance is a team sport!

Put it in writing

No matter how skilled you are as an orator, nothing is as effective in creating sustainable and permanent change as putting your request in writing. Writing down your governance plan accomplishes several objectives. First, by writing down what you want your Board to do, you are documenting your talking points and ensuring what you are requesting is feasible as you have described it. Secondly, you can provide history and context, so the Board can better understand the issues both now and in the past.

Don't push them hard

You just got back from the Managers conference, and you heard multiple speakers talk about how you should do things and what you should have in place. You want to share how the "great Clubs" do it right. But unfortunately, that is not an effective strategy. We assume that they'll come around if we remind members again or give them more facts, figures, or reasons. Don't push them hard. As Gregg Paterson, Founder and President of "Tribal Magic!!!" says, give them "the nudge" instead. Remember, slow change makes for permanent and purposeful change'.

Conclusions

Every well-functioning family has a minimum set of rules and expectations, respect for each other and a strong leader (parents). The Golf Club businesses requires the same.

We cannot change human behaviour, but we can try to create a good governance model for our Clubs that minimise the impact of adverse behaviour and optimise the effectiveness of our Boards and GMs - for the betterment of Clubs.

The most important things a Board can do is to develop the strategic plan for the Club, employ the right GM and incorporate good governance into the operation. It is also imperative that the Board utilises business intelligence and data analytics to make objective, sound financial and capital decisions for the future.

The most important things a GM can do is work with the Board on good governance, keep the Board well informed, report against agreed strategic and financial outcomes, take responsibility and ensure meetings are well prepared for. Wherever possible, good GMs take Boards out of the firing line, reducing politics in favour of focus on strategies and outcomes. Good GMs partner with their Boards in the pursuit of the Club's vision.

As a starting point, let's get governance onto your Board agendas and make working in Clubs as a GM or volunteering to be a director, a better experience.

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