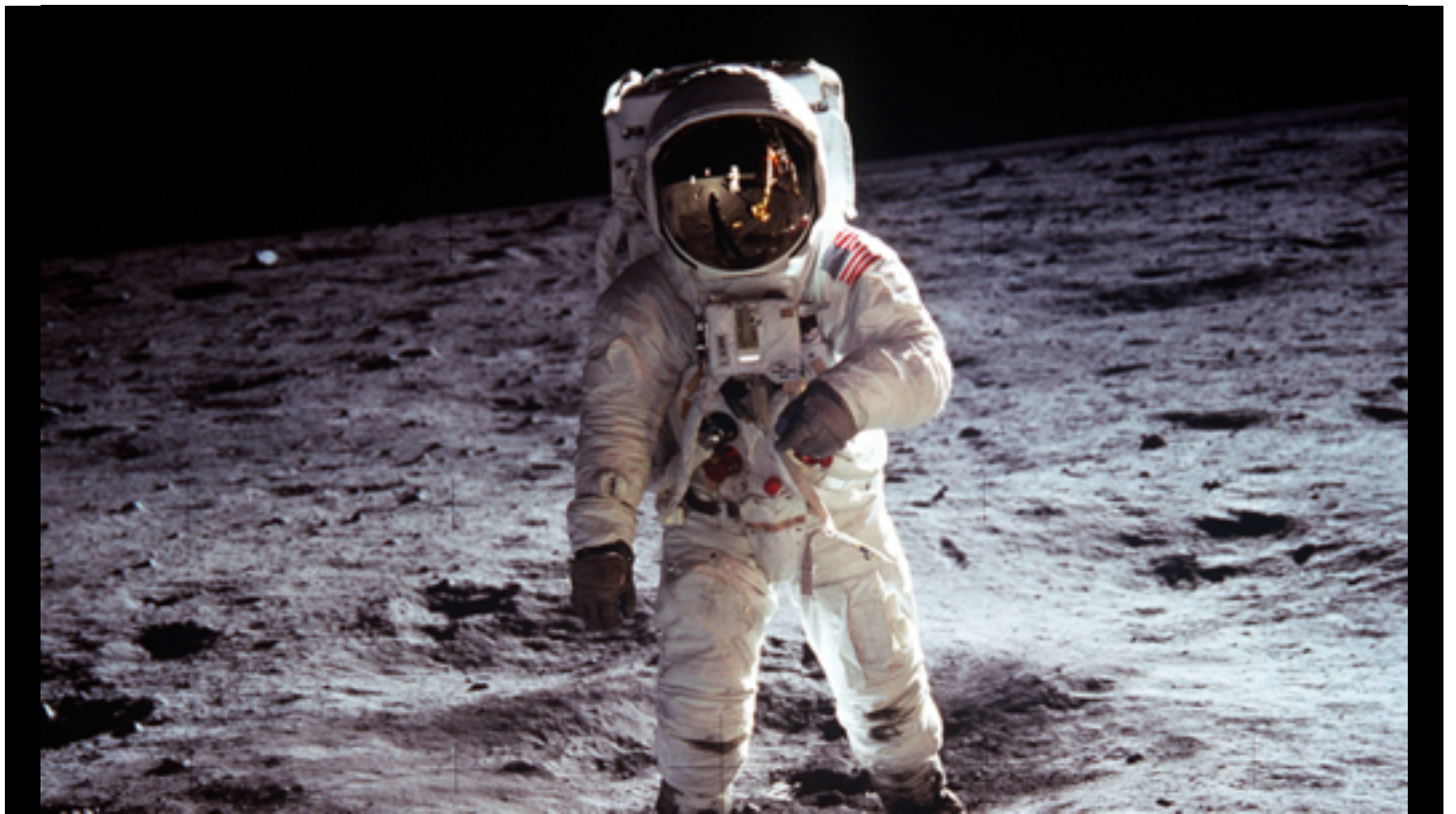


Dimensions of board effectiveness

Dr Peter Crow CMIInstD | #BetterBoardsConference 2019



Meanwhile,
in boardrooms...



Compliance demands

Competitive forces

Rapidly changing context

Stakeholder expectations

Experts abound ... supposedly

Complexity!



What does effectiveness look like?



Mainstream recommendations

Board–management separation

Independence, for effective oversight

Separate chair & chief executive roles

Various forms of diversity

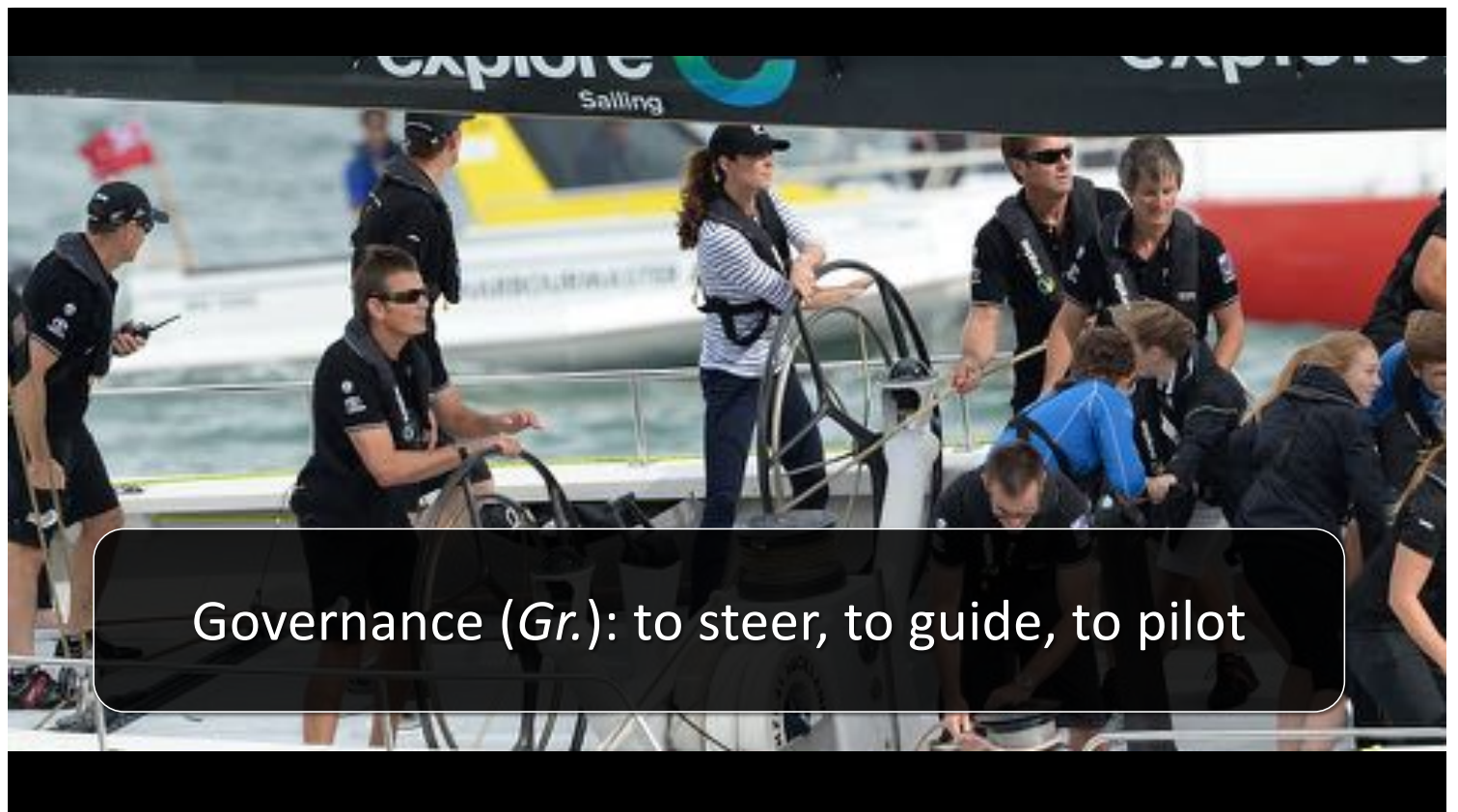




What does
effectiveness
actually
look like?







Governance (*Gr.*): to steer, to guide, to pilot

Conformance



Performance

Smart
decisions





Intention, action and outcome





PROGRESS PRIDE INTEGRITY SUPPORT
ACCOUNTABILITY TEAMWORK TRUST
RESPECT COURAGE LEADERSHIP DIVERSITY
HONESTY PASSION COMMUNICATION
VALUES
LEADERSHIP HONESTY RESPECT
QUALITY COMMITMENT RELIABILITY
PERFECTION VISION PROGRESS CAPABILITY
POTENTIAL EXCELLENCE OPENNESS
SUPPORT CONFIDENCE SIMPLICITY

Purpose

Strategy

Goal achievement

Values

Behaviour standards



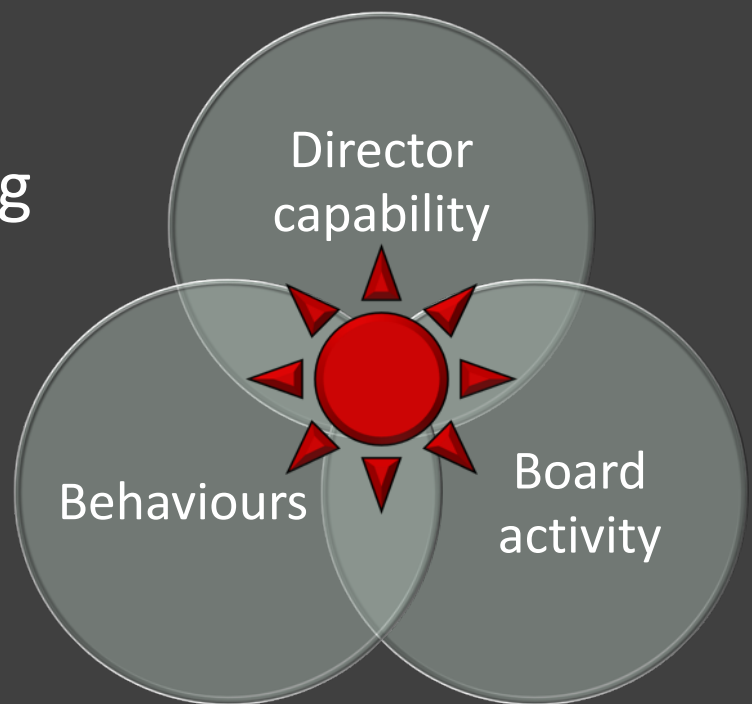
Dimensions of effectiveness



What directors bring

What boards do

How directors act



Necessary capabilities

Sector knowledge

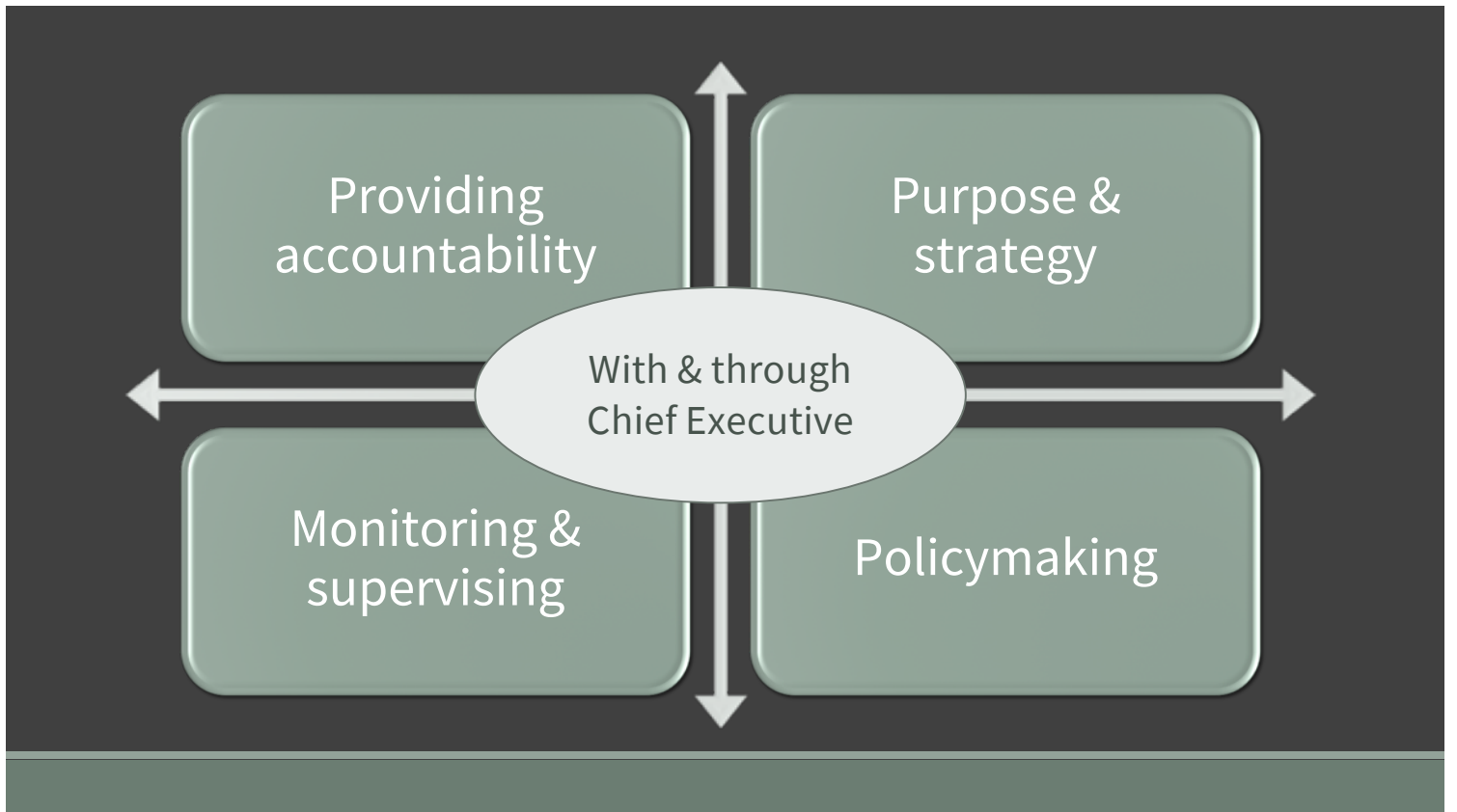
Technical knowledge

Business acumen

Skillful communicator

Team player









Strategic competence

Encapsulates capability, intelligence and cognition of directors: their ability to learn and apply relevant skills, expertise and knowledge to perform tasks effectively.



Strategic competence

Active engagement

Demonstrable commitment to the board and overall aims of the firm, and high 'in-role' performance. Includes adequate preparation before meetings, active participation and debate during meetings, to inform decision-making.



Strategic competence

Active engagement

Sense of purpose

The motivation and resolve of directors to contribute to the board's work, with the firm's agreed long-term purpose as the guiding principle.



Strategic competence

Active engagement

Sense of purpose

Collective efficacy

The ability of directors to work together to make strategic decisions and secure the CEO's commitment to execution. Evidence: characteristics of cooperation, situational awareness, social exchange and commitment.



Strategic competence

Active engagement

Sense of purpose

Collective efficacy

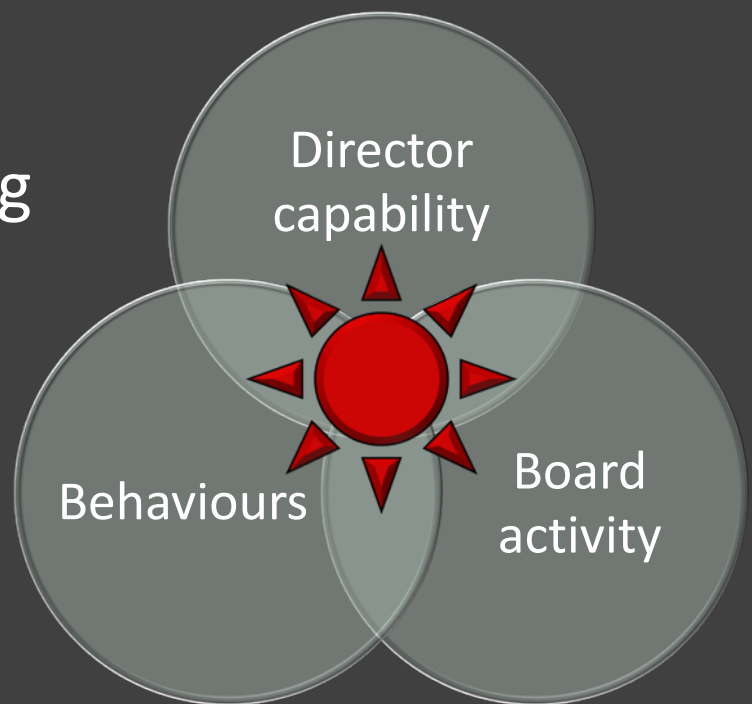
Constructive control

The appropriate actions of the board in response to inputs provided including reports, tacit knowledge, long-term purpose, strategy, answers to questions, prevailing context. Analogous to coach providing guidance.

What directors bring

What boards do

How directors act



Assessing effectiveness

Are we doing the right things?

Is strategy being actioned as intended?

Are expected benefits being achieved?

Are we making good decisions, together?



“The secret of change is to focus all of your energy, not on fighting the old, but on building the new.”

– Socrates

Thank you

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