

Mastering the Art of Board Leadership

By Beverly A Behan

THE
B FACTOR
[BOLD + BRAVE]
BOARDS

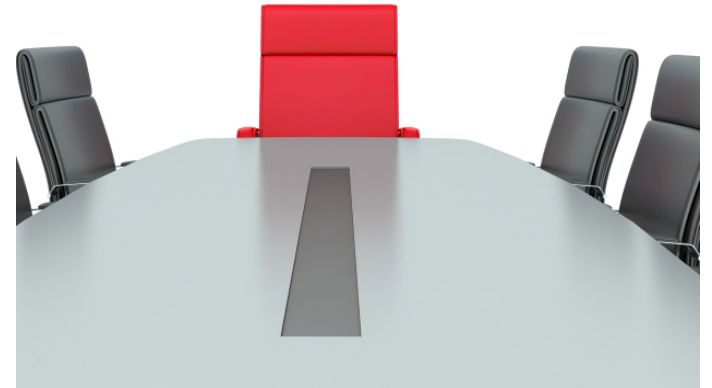


Mastering the Art of Board Leadership

- Becoming Board Chair is often the pinnacle of a brilliant career
- But many Chairs never fulfill their true potential and fail to capitalize on this tremendous opportunity
- That's a shame – for them personally and for the boards they lead and the companies they govern
- Board Leadership is an art – and it can be learned
- This session will focus the art of board leadership based on my work with nearly 200 boards around the world over the past 25 years

3 Essentials of Board Leadership

- Running Great Board Meetings
- Building a Constructive Chair/CEO Relationship
- Getting the Best from Your Directors



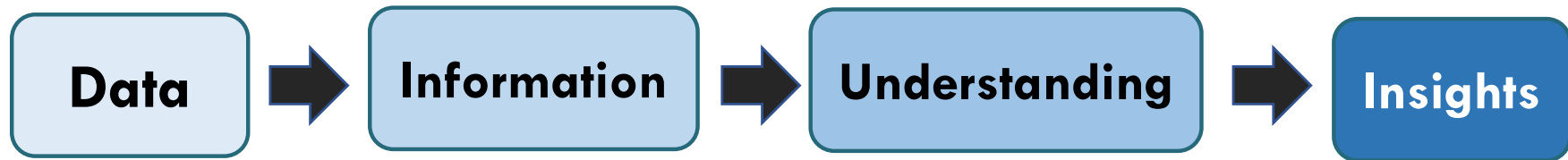
A large, polished wooden conference table is set for a meeting in a room with wood-paneled walls. The table is surrounded by chairs, and each place setting includes a glass of water, a notepad, and a pen. A small bouquet of yellow flowers sits in the center of the table. A lamp is visible on a side table to the left.

Running Great Board Meetings



Board Pre-Reading Materials

- This is “low hanging boardroom fruit” that most Chairs never devote the proper level of attention to
- Roughly 70% of the nearly 200 boards I’ve worked with globally in the past 25 years identified board pre-reading materials an area for improvement.
- While the board materials are created by management, the quality of materials has a direct impact on board discussions and even board decision-making.
- It is the responsibility of the Chair to work with management to create improvements in this area.



Common Problems with Board Materials

- **Repurposing** - materials developed for internal executive meetings are repurposed for the board – wrong audience
- **Data Dumps** – leads to micro-management; wastes time on minutiae
- **Snowballing** – “building out” board books in response to one-of questions etc.
- **Voice-Overs** - board materials need to stand alone; they should require presenter’s narrative

Board Agendas

- Some board agendas look like they were created in 2003 - and the board's been having the same meeting ever since.
- You can refresh your meetings by :
 - Placing strategic issues earlier in the agenda. Compressing committee "report out's"
 - Clarity on agenda items and the objective for each item
 - Introducing important topics the board hasn't talked about, which may not be on the Annual Calendar
 - Introducing CEO Sessions
 - Getting feedback from directors and executives about the agenda. Can it be refreshed?





Meeting Facilitation

- Strong active listening skills; always watching body language.
- Draw directors into the dialogue; doesn't dominate or allow others to do so. Tries to bring out different angles/perspectives on the issue at hand.
- Keeps the meeting on track; curtails discussion where points are repetitive. Intervenes if the board goes off-topic or drifts into micro-management
- Drives the board to consensus decisions and keeps the objective in sight.
- Gives clear direction to management; no ambiguity on next steps



Constructive Feedback

- Feedback – particularly on your meeting facilitation skills - is the key to becoming an outstanding Chair.
- When you learn to golf, you buy a good set of clubs. Then you start to practice and play. But don't you occasionally take a lesson to get some feedback on your swing? Of course you do!
- Let's face it, nobody really likes getting feedback. But it's the most potent professional development tool there is.
- We're not talking about "Hey, how am I doing?" – looking for a "pat on the back".
- We're talking about confidential constructive, actionable feedback that's genuinely worthwhile for a Chair's professional development.
- To see a Sample Chair feedback report, email me.



Building a Constructive Chair/CEO Relationship

Chair/CEO Relationship

- The Chair is the board's primary (but not exclusive) interface with the CEO.
- How a great Chair can be invaluable to a CEO:
 - **Sounding board**
 - Requires Chair to really understand the company's business
 - Requires Chair to keep a "finger on the pulse" of the board through regular informal discussions with the other directors.
 - **Early warning signal**
 - **Intervene to curtail micro-management**
 - **Gate-keeper on board information requests**



NEW CEOs *and* BOARDS

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How to Build a Great
Board Relationship—
and a Great Board



BEVERLY A. BEHAN

Board Advisor, LLC - New York

Mentoring New CEOs

- One of the most challenging transitions for most CEOs - even an internal promotion – is adapting to a new scenario where “managing up” doesn’t involve a single individual, their BOSS. It involves a group, the Board of Directors.
 - Most CEOs dramatically underestimate the proportion of time involved in working with a board
 - They also sometimes view the Chair as their “boss” rather than building relationships with all board members.
- The Board Chair can play a particularly important role in mentoring a new CEO to help them acclimatize to working with a board.



Getting the Best from Your Directors

Price Waterhouse Coopers 2020 Board of Directors Study

Survey of 700+ public company board members across the US

- **49% said at least one of their fellow directors needs to be replaced**
 - Same finding in 2019
 - 45% in 2018
 - 30% in 2012
- **21% thought that 2 or more should go.**



Price Waterhouse Coopers 2020 Board of Directors Study

- **Director performance management was the area where the 700+ participants in the PwC survey gave board leadership their lowest scores:**
 - 25% said board leadership was either “not very” or “not at all” effective in dealing with director performance issues.
- **Three performance management tools board leaders should know about:**
 - Director Expectations
 - Director Evaluations
 - New Director 360s



Director Expectations



Expectations of ABC Board Members

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Expectation	Commentary
Preparation and Effective Engagement in Meetings	<ul style="list-style-type: none">• Read through the materials in advance; consider questions that will make a contribution to the discussion, drawing on your experience/expertise.• Remain engaged/attentive throughout the meeting. Making no contribution to the board dialogue is NOT ok. But pick your spots – don't dominate; focus on areas where your comments can bring an insightful perspective or different viewpoint. Avoid "adding on" to others' comments.
Effective Listening Skills; Open to Different Views	<ul style="list-style-type: none">• Demonstrate active listening skills in board meetings; listen to and thoughtfully consider the views of others. Avoid becoming entrenched – be open to different opinions and prepared to change your mind, where appropriate. Recognize that any board discussion benefits from eliciting contrary points of view and different ideas.
Demonstrate Mutual Respect: Take a Collaborative Approach	<ul style="list-style-type: none">• Demonstrate respect for and a collaborative approach in working with fellow board members and ABC executives. Be open in sharing your views and respectful of the view of others. Focus on asking questions rather than making judgment statements such as "What a dumb idea!" Recognize that the best directors learn the art of asking the toughest, most impactful questions in the very nicest ways and endeavor to do so.

Expectations of ABC Board Members (cont'd)

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Expectation	Commentary
Be A Good Team Player	<ul style="list-style-type: none">Put the interests of ABC ahead of any personal agenda. Avoid revisiting issues already decided (by this or prior boards) or other issues you may feel strongly about, but which are not current ABC priorities. Support and respect decisions of the board even if you, personally, held a different view on the issue. Recognize that board requests for information from management distract executives from other ABC priorities; be judicious in making them. Get to know your fellow directors; avoid being drawn into “camps”.
Respect Board Confidentiality	<ul style="list-style-type: none">Board members need to respect the confidentiality of board information and discussions; avoid the temptation to share these with other ABC colleagues and/or members of the executive team No board can function well with information “leaks” as this inhibits open board discussion and impairs trust among board members.
Avoid Micro-Management	<ul style="list-style-type: none">Seek to engage at a governance/oversight level. Avoid wading into excessive details, word-smithing and nit-picking. Eschew “make work” projects and focus the board’s energies towards priority issues that move ABC forward in achieving its strategic goals.
Accountability	<ul style="list-style-type: none">Honor your commitments as a board member and be accountable. The fact that the board is unpaid is not an excuse for a lack of preparation or follow through. Hold yourself, as a director, to the same standard that should be expected of any board member overseeing a \$200 million global enterprise.

Two Ways to Create Director Expectations

The Fast and Easy Way

- Copy out Expectations from another board and circulate them to the board and senior management for comment.
- Put them in a file – or on a website.
- Feels good – but nobody pays them much notice and they have almost ZERO impact.

The More Powerful Way

- Create Expectations “from scratch” by giving each director an opportunity to express their views – ask senior management, too:
 - What do you think are appropriate expectations of the people who serve on the Board of Directors?
 - What do you expect of your fellow board members?
 - What should directors be able to expect from management?
 - What should management be able to expect from the board?

Director Evaluations



3 Keys to Effective Director Evaluations

1) Interviews

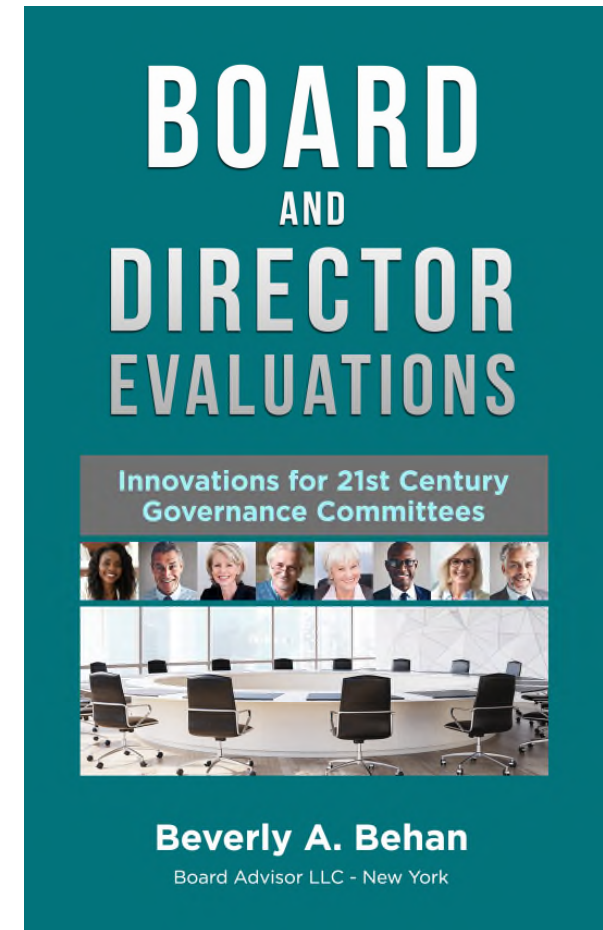
- Facilitates probing. Low scores anger recipients; high scores seldom underscore or reinforce the director's strengths
- Write-in's are often vague; sometimes nasty

2) External Facilitation

- Ensures confidentiality and greater candor/openness
- Viewed as more credible by management. Avoids recipients dismissing negative feedback as "a personality conflict"

3) Constructive, Actionable and Balanced

- Recipients immediately understand any problems and know what steps they need to take to address them.
- Even "stars" can shine brighter with constructive feedback; underperformers more likely to accept criticisms when balanced with contributions/strengths



What's the Real Director Performance Issue?

Behavioral Issues

- *Example: Lack of Preparation*
- Director evaluations are the best tool so long as the feedback is constructive, specific and actionable.
- 80% of directors who get this type of feedback, act on it.

Expertise Issues

- *Example: Director's background is in coal; the company sold its coal operations 2 years ago and invested in wind turbines.*
- The best tool to address this type of issue is a Board Succession Planning Tool like Board 2.0.

“Board Refreshment”, Anyone?



Introducing Board 2.0

A New Tool for Board Succession Planning

Featured in *The Corporate Board* - Jan/Feb, 2021

Board Advisor, LLC – New York

Board 2.0

- The best board succession planning tool we've ever found; far preferable to the old Board Skills Matrix.

Engages all Board members and top executives in helping to design the optimal composition for the future board.

For more information on Board 2.0 see www.boardadvisor.net

New Director 360



Origins of the New Director 360

- A client had two very experienced board members who'd joined the board in the past 12-18 months.
- They wanted a more robust director evaluation process. Their goal was to not only provide useful feedback but offer ideas to continue their development post-orientation.
- We conducted:
 - 15 interviews (via videoconference)
 - All Board members, including the CEO
 - 4 Other Corporate Executives
 - External Auditor, Compensation Consultant



New Director 360

- **Reinforces positive contributions/strengths** –VERY meaningful to new directors, even if they are experienced; feels like becoming “part of the governance team”.
- **Nips problems in the bud** – some directors DO get off to a early on; before they become established patterns.
- **Constructive suggestions for continued professional development post-orientation:**
 - Meetings with specific employees; capitalize on director as Subject Matter Expertise
 - Specific site visits, industry conferences, trade journals
- SAMPLE New Director 360 Feedback Report, email me or go to our website www.boardadvisor.net.



INTERNATIONAL DIRECTORS SUMMIT 2022

The B-Factor: [Bold + Brave] Boards



Discussion/Q&A

