

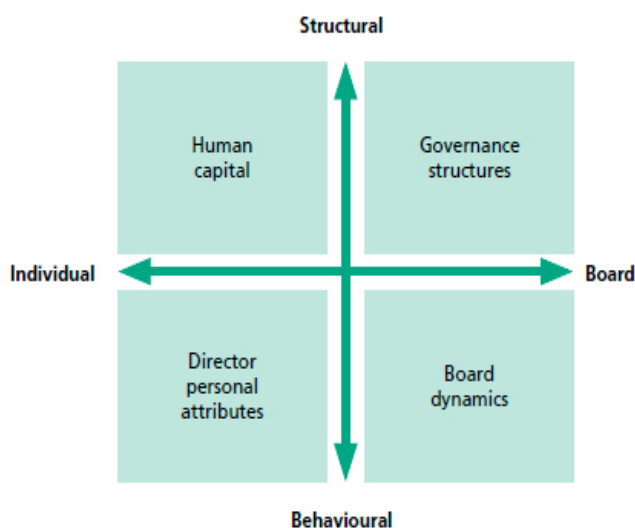
Board Evaluation - A cutting-edge approach to ensure effective compliance and performance

"Boards are happy to examine, think about and benchmark their structures - so do we have a certain number of committees, how many board members do we have, what's the split between execs and non-exec, do we have a senior independent director. But what is a whole different kettle of fish is the behaviour in the boardroom which is, I think, the next generation of board evaluation"
 (Head of Corporate Governance, Institute of Directors)

Responding to recent UK and local Governance requirements, we have developed a new offering to evaluate board teams based on our thought-leading research¹.

In the 2012 UK Corporate Governance Code, the Financial Reporting Council stipulates that evaluation, *'should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness'*. However, what factors are actually relevant to board effectiveness? Two conclusions emerged from my research:

1. An overwhelming preoccupation with attempts to link board structure to board performance. Over 80% of the research focuses on *governance structures* (e.g. CEO/Chairman duality, exec/non-exec ratio, committee structure, board size/diversity, meeting frequency) or *human capital* (e.g. director age, skill set, experience), and less than 20% on behavioural aspects such as director's *personal attributes* (e.g. commitment, psychological type) and *board dynamics* (e.g. communication, team mix, relationship quality).



¹ Conducted at Henley Business School in 2012

2. Although it may be necessary to have governance structures in place to be an effective board, it is not sufficient just to have them. We have been ignoring some important criteria when evaluating our boards because it is the behavioural factors that predict board performance. As proponents of good governance, we now need to shift our perspective from 'structural to behavioural'.

"High performing boards look inward and aspire to more 'meta' practices—deliberating about their own processes, for example—to remove biases from decisions" (McKinsey, 2014)

What we can offer?

We consult with you around the seven key evaluation questions to design and deliver a bespoke board evaluation to suit your needs and budget.

A typical evaluation will combine questionnaires, interviews, board paper analysis and board observation, Verbal and/or written feedback is then given to the Chairman and Secretary and the board (and committees) as a whole, as appropriate. A board meeting facilitation is then used to clarify and understand key themes, debate to gain insight and to develop actions.

We can also support the creation of monitored action, advise on any structural changes if appropriate, and undertake development for the board individually and/or as a group.

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