



Streamlining Your Boardroom: Creating Board Effectiveness

In an environment of tight funding and increased competition, purpose-driven organisations (non-profits, trusts and charities) are actively seeking ways to improve. Focusing on the Board is often not even close to the top of the agenda, but improvements at a Board level can have many positive effects that flow through an entire organisation.

Understanding where there are opportunities for your Board to make improvements is central to creating Board effectiveness, and this can be achieved through a Board Health Check. After all, if you don't understand your organisation's current position and your Board's health, you will not be in a good position to improve it.

A key method of improving your Board in any meaningful way is to undertake a 360-degree Board Health Check. This is not simply a Board Skills Audit; a full health check should give you a complete picture of your Board, the individuals on it, the way it functions, the culture of the Board, whether and how the Board creates value for the organisation and how this value creation maps to the organisation's business model and long term strategic requirements.

Improving the Board is about far more than asking a few questions; it is an ongoing process. The process should be documented and you should aim to improve and refine it every year. Things you should visit in your Board Health Check include:

1. Systems and Processes

Starting with the basics of governance is critical to the Board streamlining process. Asking the following key questions will help ensure the basics are in place for your Board.

Is your organisation's legal structure appropriate for and aligned to the organisation's purpose?

Many purpose-driven organisations are set up quickly without thorough legal or strategic advice, leading to the

organisation having a structure that may not match its current or future needs. Ask the simple question of whether your organisation's legal structure will continue to be appropriate in the future.

Do your Trustees understand what the purpose of a Board is?

The purpose of a Board is to translate the wishes of its 'owners' (used in the broadest sense to include members/stakeholders/beneficiaries) into organisational performance. This means that trustees must always focus on how the decisions they make will be better for the organisation as a whole.

Have your Trustees deeply internalised an understanding of their roles and responsibilities as a Trustee?

If your trustees don't understand their fundamental roles and responsibilities, they may waste time on management issues instead of focusing on governance and strategic issues. If your organisation is small and your Board acts as a Management Board, you need to ensure that these roles (governance and management) and very clear and well separated.

Does each Trustee have the appropriate level of governance training?

Each trustee should be committed to ongoing learning even if they have completed governance training in the past or are an experienced trustee.

When we are under stress we fall back to what we know well. This means that in times of stress, trustees will fall back to the level of governance understanding they have internalised. Unfortunately, for most people, the amount of governance information that has been fully internalised is likely to be low. If your Board went to one training course a few years ago, they've probably forgotten 90% of what they learnt. This means that your Board needs to be regularly refreshing their governance training and professional development.

Does the Board have a comprehensive set of policies and procedures in place?

A well-documented and extensive set of

policies and procedures is essential to a streamlined and effective Board. It means that you have already done the thinking work to cope with repetitive situations arising. Policies and procedures should also outline details of Board behaviour and decision-making and include documents such as a Board Code of Conduct.

These documents are intended to shape and guide behaviour, and paired with Board behaviours, they create the foundations of culture in a boardroom. Board culture is an accumulation of decisions over time. Nowhere is this more apparent than the boardroom.

Is the Board an appropriate size?

Board size is critical to effective Board decision-making. A Board that is too big has too many voices to consider. A Board that is too small will lack diversity. Anecdotally there appears to be a move toward Board sizes of around 7 to 8.

2. Individual Trustees

Gaining a deeper understanding of each individual who sits around your Board table, beyond the skills they bring, is an important step in improving your Board. There are many tools that can help you understand each individual, however, the key insights you are trying to gain through this process are:

- Whether each trustee's personal purpose maps to the purpose of the organisation.
- Why each trustee is truly on the Board.
- How each trustee thinks through problems and makes decisions.
- How trustees make decisions under pressure and in stressful situations.
- Their individual approach to risk.
- How they interact and make contributions to the boardroom.
- How they are viewed by the group.
- Their skill set and how this ties to the Board and organisation's requirements.

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Some robust tools you can use to do this are:

- Skill audit/review
- Psychometrics (eg. Myers Briggs & GallUp Strengths)
- FinaMetrica Risk Profile
- 360 Degree Review

Most of these tools were not specifically created for Boards but can still be used to gain the insights you require. It is important to note that while Psychometric testing can be considered a useful reference and reflection tool, it should not be used as a definitive explanation of someone and their behaviours.

It is also key to tell trustees that this kind of testing is part of a wider improvement project, and that you are trying to gain understanding, not hand down judgment in any way.

3. Group Dynamics, Board Culture and Board Decision Making Process

After completing the examination of individual Board members, it is important to consider the group as a whole. As you look at individual trustees' skills and contributions you will begin to get a picture of how the Board operates as a group and have the data to map the Board's skills and qualities.

Looking at group dynamics and Board culture provides context to much of what has come up during the previous phase. This stage may require a third-party observer (bound by confidentiality) who can make notes about how the group interacts. They should observe trustees in the boardroom context but also in a more casual context, and look at how the group dynamic plays out around the

power, politics and personalities. This part of the process is more observational than the others, but it can highlight some interesting insights into how the Board functions.

Once you have this understanding you can also start to look at the Board's decision-making process. A useful exercise is to have each Board member map out how they think the Board makes decisions. What process is followed? Is it the same each time? And then compare and discuss. Once you feel you have an idea of the process, you can then decide how it can be improved. Is there a Board Decisions Register where decisions are documented? Are actions for each meeting recorded and followed up so they are completed? Are there appropriate checks and balances around decisions? Is the Board focused on important strategic decisions, or are they regularly sidetracked into the trivial? If they are sidetracked, who or what causes this?

4. Business Model

Once you have examined each aspect of your Board you need to examine your organisation's current business model and assess if it is appropriate. Examine if the current and future business models are mapped to the current and future strategic direction, specifically the Strategic Plan.

At this point, you need to decide whether your Board is capable of delivering the current business model and strategic direction. Beyond this, what changes to the Board are required so that it can guide the organisation and deliver on any future business model and strategic direction. This is perhaps the hardest part of the process as it requires deep soul searching for many organisations and trustees. It is tough to

conclude that someone or something isn't working well or doesn't fit with the future of the organisation.

A Board Health Check is complex and involves more than can be covered in a single article. However, this article aims to provide a good grounding to work from and a place for which you can start to build your own streamlining process. Ultimately take what works, discard what doesn't (although not before trying it) and keep refining and improving your Board.

Good luck.



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