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Board Evaluation Online: How board of directors needs to change performance orientation

November 13, 2020, 10:46 PM IST Dr Muneer in The Medici Way | Lifestyle | TOI



By Dr M Muneer & Ralph Ward

Enterprises have started putting more efforts to evaluate their board of directors in the wake of the pandemic-caused turbulence. More time is being spent on taking feedback from various board committees and individual board members. Change is clearly in the air and with the online meeting formats, some new trends are emerging that India Inc should embrace soonest.

Board evaluation has become an important corporate governance duty over the past decade – not only a good governance norm, but also an important requirement for various sectors and regulatory bodies of many countries.

While it is imperative for the boards to decide on the specific objectives to be achieved from an evaluation, hardly a few do that before implementing the process of evaluation. The idea of evaluation is not to rate the board’s performance on a five or 10-point scale. Satisfactory performance is not what we need from the board members or various committees. What is more critical is examining the composition of the board, the right fit and alignment, the group behaviour, effectiveness in helping the enterprise achieve its strategic objectives and so on.

We hardly see many Indian organisations setting up clear deliverables to individual board directors, making them to self assess their performance and comparing against actual deliveries. This is what actually must have happened in boards. Getting transparent feedback from individual board members on board dynamics, its working style, performance, etc is another step in evaluation. Board is accountable for regular reviews of the actions they have recommended and the results thereof. The action agenda with timelines should be part of the board evaluation.

As part of board assessment, enterprises are supposed to have decided on the approach, process and the person who will lead the process. But is your board assessment process keeping up with the times? New electronic tools have made online evaluation far simpler, quicker and more objective than traditional paper methods. Still, how do you evaluate board performance when your members today are meeting online from all over the world?

The burgeoning use of online board portal platforms has changed all aspects of “boardsmanship”, and that includes evaluation. Most of the popular portals (Diligent, BoardEffect, Boardvantage, etc) include tools for evaluation, but these can vary in sophistication and value. We have not yet come across an online comparison of the different portal platforms capabilities. Portal tools for assessment include formatting and

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AUTHOR



Dr Muneer

Muneer is a global expert columnist, writing on topical issues looked through management frameworks. He wears multiple hats including that of a social evangelist as the co-founder of the non-profit Medici Institute that was mentored by the late Dr Kalam, management consultant and startup entrepreneur. His expertise is in strategy execution having worked with global brands across borders. Current passion is in driving governments to execute what they promise. He is the managing director of CustomerLab Solutions, an innovative consulting firm in partnership with leading minds of the world and also that of a US-based deep-tech startup. He pioneered the setting up of thought leadership seminar industry in India in the late 1990s and had been instrumental in delivering cutting-edge knowledge to the C-suite, in partnership with Times Group.

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sending of questionnaires, compilation of results, and presenting them in handy tabular and graphic formats. Sounds pretty basic, but this alone makes the evaluation process easy and automatic enough to give an added prod to evaluate – the busywork handles itself.

Beyond the portals, there are a number of specialised tools offered by software providers and consultants, specially designed for board assessment. A few popular resources are *Rivel*, *QDiligence* and *GovernancePro*. These deliver more depth and customisation to the online governance process, as well as interpretation and advice on the results.

Consensus suggests that electronic board evaluation tech benefits the process the way most digital tools add value – by making the busywork easier, while leaving more time for personal assessment of the results. Many board members believe tell us that the data shouldn't be the final takeaway. It is supposed to help establish benchmarks and objectivity. Once the data is processed and presented, the board can then look to engage for the live part of evaluation, through video conferencing. *They can* devote advance FaceTime discussion to planning the evaluation goals, priorities and leadership – what and why do you want to evaluate? Use the E-tools to save time and effort in the leg work middle third of your process – data gathering and digestion.

The use of tech tools for board evaluation also makes it easier for outside advisors to assist. Aside from the sources noted above, law firms, chartered accountants and management consultants find that online evaluation tech makes their role more valuable as a processor and counsellor. Independent consultants are starting to use this to enhance their evaluation practices. Though the board portals make “do it yourself” evaluation easier, it's still wisest to engage an outside advisor to lead and manage the process. The result is greater objectivity, more willingness by participants to open up, and added insight on interpretation. (However, 85% of boards are still doing it themselves.

A less noted payoff of using online board evaluation – greater security. Whatever type of technology you use, make sure it's secure. Too often the evaluation is being discussed over Skype or Zoom. Portals and the dedicated platforms above fuss over info security, but that only works for the data going in or out. Once members of your board start discussing the findings online, the chances of sensitive thoughts or data being leaked or forwarded to careless hands spikes.

Ever since tractors took over for farmer's bullocks, technology has not only made previous tasks easier, but created whole new applications no one thought of before. This applies to board evaluation platforms.

If the tech really simplifies the process so much, who says you have to limit evaluations to every year or two? Why not more frequent status checks? Or, beside formal evaluations, how about live polling of board, committee or chair performance at every meeting? We wish India Inc turn proactive without regulatory involvement, for a change!

Muneer is MD of *CustomerLab* and co-founder of the non-profit *Medici Institute* and *Ralph* is a global authority on boards; both of them drive board alignment for corporations. Contact: Muneer@mediciinstitute.org

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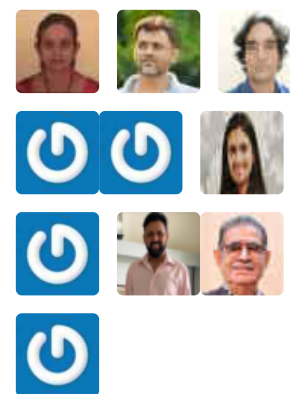
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