

Board Meetings Must Be More Strategic

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Here are some suggestions to make your next board meeting from housekeeping mode to a little more strategic



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At a client board meeting where there were several grey-haired – and probably retired – wise men and just one lady, we discovered that most of them were just nodding and sipping coffee instead of contributing to the discussions led by the chairman and managing director. When quizzed later, the CEO quipped that these folks were mostly government and bank nominees and that they are largely disinterested in the company affairs except for munching on cashews, and of course, their sitting fee!

Apparently many of these retired men find a board membership as the perfect time-pass and a gig to earn some money. To them compliance is everything and they probably think that not disputing with the enterprise management is the right compliance that regulators desire!

The role of an engaging board is to guide the enterprise in developing and executing a winning strategy. There are five distinct responsibilities for a board member and compliance is just one of them: Approve and govern the corporate strategy, guide major financial decisions, assist in selecting, evaluating and monitoring the CEO and building succession plans, provide guidance to the CEO, and finally, ensure compliance.

Much before SEBI moved to set up corporate governance standards, the Sarbanes-Oxley Act, and the NYSE and NASDAQ listing standards had been driving governance reforms. Such reforms were triggered by the fall of such famed giants as Enron, WorldCom and Tyco and perhaps mirrors in the SEBI move to tighten regulatory compliance arising out of the rumblings in Tata, ICICI and Infosys boards. All these regulations are directed at such issues as the independence of directors, their



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responsibility, composition of audit committees, disclosures, etc but all these form just 20% of a board's responsibility. Yes, regulation is necessary for protecting the interests of shareholders but it runs a higher risk of boards focussing too much of their time on compliance and form rather than their crucial role of monitoring, guiding and evaluating the enterprise strategy and its executive team.

How many board meetings have you attended where the board chair starts proceedings by looking offhandedly over his bifocals at a sheet of paper and says: "Hmmm... First, a few housekeeping items"? We believe that every nation and language have some equivalent of this phrase just for board meetings.

The board chair then moves onto weighty issues like parking validation, the restroom down the hall being out of order, or an early lunch break. Often this extends into the agenda. Switching a couple of items around because the staffer with the slide deck is running late, or noting that an enclosure cited for the board book is out of order.

Here's an exercise for your next board meeting. As the chair proceeds through the agenda, note how many of the other matters listed could also be considered as "housekeeping items." These include seemingly minor, tick-box things that are strictly "for information." But also, there are quick "aye" votes on material the board has seen, extending a credit line, using the same contractor, renewing a loan, etc. Even when using consent agendas, these housekeeping items tie up a lot of board time.

Moving on, notice how things like committee reports, audit statements, filing and disclosure approvals, contracts, and other board necessities are almost always treated in your boardroom like housekeeping matters. You gave the material in your board pack a quick review, none of the directors have any comments, and no one is raising any issues... Aye, and move on... but moving on to what?

It can be troubling to step back, look at your board agenda, and realise that the majority of the time in your meetings is invested either on "housekeeping items," or governance business you treat as housekeeping. Solutions to this lack of "mindfulness" in governance aren't easy to find, and bring their own issues. The use of board portals and dashboard info tech allows fast and solid review of performance, financial or compliance items that were formerly obscure or complex. But if you show mostly green lights, and ask a quick query on yellows, have you really weighed the overall value of the item being measured to the company?

Assuming that the housekeeping busywork items really are matters that should be handled quickly, what are you doing with the extra time freed up? Many professional board members tell us they dislike wasting time on check box compliance matters and presentations, and prefer strategic board discussion. But just how valuable are your board's discussions anyway? Strategic talk that consists of rambling, showboating or irrelevancies is just "housekeeping items" with a fancy name.

Here are some suggestions to make your next board meeting from housekeeping mode to a little more strategic:

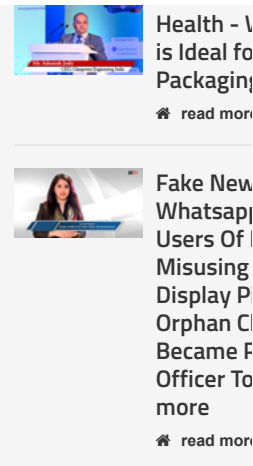
- First on the agenda should be the review of previous board meeting minutes. Finish off any item pending from there first. If board portal is used, there is no need to read out the minutes of the last meeting but only tick those that are pending. This also helps in assessing the effectiveness and efficiency of the board formally.
- Reviewing key performance indicators such as sales growth, market share, revenue and expenditure for the term under consideration, customer satisfaction and new project progress should be next in agenda.
- Discussing about the future direction of the company should be the third item in the agenda. Board should examine the pros and cons of altering organization structure or entering a new market or any mergers and acquisitions for scaling up. It is the duty of the board to formulate the medium term goals while looking at long-term value creation.
- Finally, close the meeting with a decided action plan for the management. Based on the approved strategic plans, boards should guide the management team for a plan of action. This is totally a crucial work of the board in governance and much beyond compliance. Every board member should be asked to pitch in with his recommendation, vote on them and finalise the action plan.

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Gopal | 0 Second ago

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JOHNTHOMASM | 5 Days ago

Cant agree fully with the first two paras. when the Chairman and MD want to push their own agenda/motives, rather hearing the Views of others, then surely we may feel it, as Chewing cashew or sipping Coffee free. So dont feel stingy. Lastly, it is the way of Conduct, by adhering to the minutes of last meeting. But again when we fail to meet that basic requirement, again we may feel what you have mentioned in first two Para. Generally in official govt meetings there will be everything from Chewing, Zipping.... minutes of last meeting and finally the final decision on the agenda. please dont think in general terms, and we like/must like Collective wisdom for the benets of all.

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