

Board Evaluation 2.0

New trends emerge, which India Inc should embrace as soon as possible

Enterprises have started putting more effort into evaluating 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 as quickly as possible.

Board evaluations have 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, 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 self-assess their performance and comparing this to actual deliveries. This is what probably happened in boards. Getting transparent feedback from individual board members on board dynamics, its working style, performance, etc is another step in the evaluation. The board is accountable for regular reviews of the actions they have recommended and the results thereof. An action agenda with timelines should be part of the board evaluation.

As a part of the 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, and more objective than traditional paper methods. Still, how do you evaluate board performance, when your members are meeting online from all over the world?

The burgeoning use of online board platforms has changed all aspects of 'boardsmanship' and that includes evaluation. Most popular portals (Diligent, BoardEffect, Boardvantage, etc) include tools for evaluation. We have not yet come across an online comparison of the different portal platform capabilities. Portal tools for assessment include formatting and sending of questionnaires,



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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 busy work 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.

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 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 with the live part of evaluation, through video conferencing. They can devote advanced FaceTime discussions to planning 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. Though the board portals make 'do it yourself' evaluation easier, it's still wise 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 per cent of boards are still doing it themselves).

A less noted pay-off of using online board evaluation is greater security. Whatever type of technology you use, make sure it's secure. Too often, the evaluation is 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 the members of your board start discussing the findings online, the chances of sensitive thoughts or data being leaked or forwarded by careless hands increase.

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!♦

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