



Empowering the Next Generation of Board Directors: Insights for Elevated Governance



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Boards sit at the apex of governance systems, and fundamentally operate as a self-governing human system rich in perception, language, culture, and beliefs. Increasingly, world problems as well as stakeholder calls to action impact business leaders and Board directors around the globe, challenging performance in both domains. From the privilege of lived experiences serving on, coaching, and supporting boards of private, public, not-for-profit, and charity organizations and everything in between, here are ten (10) insights for the consideration for Next Generation Boards and Directors.

1. Board Member Cohesiveness

Boards largely self-govern through processes and practices as well as adoption of tools and resources to evaluate its effectiveness. As the capacity of boards stretch to meet greater challenges, coupled with the call for more diverse Boards, future Boards naturally will become more cognitively diverse. This means that Board dynamics will evolve to create a boardroom environment that would be difficult to imagine even 15 years ago. A greater appreciation for board cohesiveness led by a Chair who is able to steer meetings with finesse to achieve consensus, and ensure that all directors contribute in and to an atmosphere of trust and mutual respect is needed.

How can we reach that ideal scenario? A skilled Chair takes time to get to know directors as individuals and encourages all directors to get to know one another. Achieving group cohesiveness requires a significant degree of emotional intelligence (EQ). There is growing

recognition that EQ skills will determine the quality and effectiveness of boards that make the best decisions and exercise the best governance. Future directors who undertake an individual EQ assessment will gain valuable insights into skills and skill gaps that may diminish performance (sometimes unknowingly) as well as opportunities to up-skill in areas of self-governance.

2. A Co-Chair Role?

Within a board-meeting forum, the Chair is often viewed as a 'marshal' - mobilizing participants to engage effectively and make the best use of expertise and intelligence to facilitate decision-making. It is a critically important leadership role, at times well done, at other times less so, with significant detrimental impacts. The Chair's workload outside the board meeting is often considerable and challenging for a single person. The idea of a Co-Chair arrangement may offer advantages, most notably a valuable second perspective, workload sharing and succession planning.

3. Refresh Board Composition more often

Many board members serve beyond their time while others are proactive in initiating limits on their period of service. There may be many reasons for this. It takes self-awareness to recognize that, over time, individual contributions may dilute in value. That is not a reflection of individual wrongdoing or fit, but rather the need to acquire fresh perspectives and skills. It takes courage and selflessness to act on this self-awareness.

Whatever may be the reason, just like any business or sports team, a Board is a dynamic unit which requires refreshing. Reflecting new and challenging circumstances, boards may need to review and define the skills and competencies more frequently to continue to thrive. Importantly, an emphasis on EQ based skills that define and support collective decision-making as a core competency should be considered. Recognizing that others might better serve the needs of the board should be expressed and executed graciously and respectfully and, to the extent possible, be a positive experience for the director, the board and the organization.

4. Informal Meetings for Boards

Achieving alignment amongst directors is as important as ever. It takes a lot of work. We have observed that directors engage vibrantly and enthusiastically during informal gatherings. This should not be confused with the need to hold formal meetings of the board and the disciplines surrounding them. Rather, informal meetings may be

designed to boost the boards' collective understanding of an issue or problem through conversational, informational and insightful exchanges. The informal meeting environment should never result in a decision but rather aim at achieving alignment on the board's understanding on an issue or problem.

5. Information Gaps and Communication

Alignment of interests between management and boards is more important than ever, and everyone must work from the same information. A common complaint from management teams is fulfilling board information requests, and a common complaint from directors is the relevance and volume of information provided to them, as well as timeliness of receipt. With advancements in technology and the use of board portals, information flows have improved. Within organizations, an information architecture and corporate taxonomy should be specifically designed for its relevance to the board. Boards must articulate and control their information needs as well as timeliness of information requests.

For regularly scheduled board meetings, meeting packs must include information that is purposeful and clearly communicated. The need for a clearly written executive summary that includes key points, alternatives considered and recommendations is essential intelligence for boards.

Boards must be well informed on facts. Outside regularly scheduled meetings, significant work and communication happens, especially on critical or extraordinary matters. Develop a communication plan that keeps the board informed and engaged – preferably before the critical matter erupts. Determine what can be communicated by phone, what must be communicated in writing and what can wait for a meeting – flexibility serves best. Commit to a plan and refine it as needed.

6. Board Competencies and Continuous Learning

The “information chasm” between boards and senior managers can be wide and is likely to be exacerbated by the scale and pace of change facing business today, including digitization and the rise of emerging technologies like artificial intelligence (AI). David Beatty, an expert in Canadian corporate governance, addresses this chasm, citing three root causes; time, expertise and attention.

What approach should boards take to bridging this chasm in order to provide effective strategic guidance and oversight? Industry managers will always know more about the company they are running, and have more time to devote to its strategic opportunities and operational challenges. Board members come to serve with a range of

expertise and competencies, but are essentially part-time overseers. In considering board skills requirements, board leaders will be faced with tradeoffs between deep industry knowledge, traditional competencies (e.g. accounting and legal) and a proliferating range of new topics. The discussion around sustainability and ESG, cybersecurity, data, digital and AI and innovations relating to payment and currency has repercussions for strategy, capital investment, operations, compliance and reputation. The impact of these frontier topics on enterprise value, both near-term and over time, emphasizes the need for board members to be - at a minimum - collectively conversant. This underscores the need for continuous board learning that is directed at the subjects and material that sit at the frontiers of governance. Whether you are an existing or aspiring board member, your role, confidence and opportunity for impact will grow with foundational knowledge in these areas.

7. Advisory Board to the Board

The benefit of adopting an advisory board to help organizations achieve objectives is well known. Advisory boards are not bound by the fiduciary duties of governing boards; rather, their value is in the contribution of strategic insights and expertise. They often serve as a sounding board to CEOs and management teams of a growing enterprise.

Many boards engage experts, such as compensation consultants, to provide advice to the board on both routine as well as extraordinary matters. The experts tend to be external consultants engaged on a subject matter specific basis. Boards often have standing committees to analyze information and provide assurances and recommendations to the board in specific areas (finance, governance and so on.) Many boards create a Special Committee (typically of independent directors) to examine a specific matter under the purview of the board's fiduciary duties.

An advisory board or committee to the board is less common but not unheard of. Increasingly, as the work of boards becomes more complex, the need for a broader range of perspectives and unique knowledge will also become more prevalent. Importantly, know why you need an advisory board and what you want to accomplish, and have a written agreement and terms of reference to establish engagement expectations.

8. Limits to Overboarding

Overboarding is a common problem in Europe and North America, and particularly acute in places such as the

Caribbean, where the pool of available and qualified directors tends to be more limited and insular. As increasing challenges place greater demands on management teams, so to the demands on the board. A non-executive director may spend between 10-40 days a year on board business, and for larger and more complex organizations it will be nearer the upper limit. It is little wonder that PwC, in its "2022 Annual Corporate Directors Survey - Charting the course through a changing governance landscape", found that almost half of the 700-plus respondents agreed that independent directors should sit on no more than 3 boards. It is entirely fitting for nominating committees to place limits on the number of boards served by prospective directors.

9. Managing your Personal Brand and Online Presence is Critical

Directors play a critical role in shaping the image and reputation of the organizations they represent. In today's digital age, it is increasingly important for directors to proactively manage their personal brand and online digital presence. Your online brand exists whether you manage it or not. Cultivating a strong personal brand and positive online reputation can enhance a director's credibility and influence, and positively impact the organization they represent. In today's increasingly digital business environment, stakeholders, recruiters and nominating committees are turning to social media and "Google" for information about individuals and organizations. Aspiring directors need to be deliberate and professional in their online activities, and be mindful of the information they share online, as it has a lasting impact on their personal and professional reputation.

10. Mental Wellbeing and Competency

A multitude of challenges will infiltrate boardrooms of the future, and boards must be open to disruptions to the status quo. Some directors navigate uncertainty with relative ease, while others do not. For some, the tension and mental pressure is overwhelming and potentially damaging to mental wellbeing. Left unaddressed, the pressure may lead to duty neglect or other impacts that hinder board effectiveness and performance. It is important to take measures to handle mental health issues in the boardroom alongside well-being measures taken to serve the organization. Aspiring and serving directors should assess their mental wellbeing against demanding environments to assure themselves of their fitness to serve as well as to develop coping strategies to handle the demands.



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OBJECTIVES

To implement its mission, ONEID has prescribed the following set of objectives for servicing its members:

- To prescribe the criteria, norms and standards for qualified Independent Directors, in conformity with legal requirements.
- To maintain a panel of qualified, eligible and willing - to - be independent directors, who meet the criteria, laid down by the Institute Of Directors, in addition to those specifically prescribed by the Ministry of Corporate Affairs.
- To obtain the requirements of companies and other organizations, and match them with the aspirants available in the qualified panel of ONEID's database of independent directors.
- To provide professional and non-partisan advice to the companies as well as to the independent directors.
- To provide all other services, including networking of independent directors, and keep them acquainted with changes in the law, the concerned rules and the best boardroom practices.

In closing, directors and boards that amplify essential knowledge and skills with a mindset focus on cohesiveness, emotional intelligence and continuous learning (and practices and processes to enhance them) are better situated to meet the increasingly complex scale and pace of change impacting organizations. ■

**Ms. Donna Price is the Founder and President of The Governance Boutique, a collective of experts that help current and aspiring directors secure board positions by providing coaching and support services throughout the journey to a board role. She is a certified governance professional and has served boards and directors and served on boards for over 30 years.*

**The Article also has contributions from Mr. Paul Dubal, Ms. Kerry Mortimer and Ms. Mardi Witzel.*

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