



Smarter boards are using board evaluations to greatly enhance their performance.

ways to a really effective Board

Twenty years ago few organisations felt the need to evaluate their boards. Why should they? After all, as Lord Halifax said, “the problem with British companies is that they mark their own exam papers”?*

* From The Fish Rots from the Head: The Crisis in our Boardrooms: Developing the Crucial Skills of the Competent Director by Bob Garratt

A number of corporate scandals have, however, led regulators, industry bodies and companies to advocate that boards of companies regularly evaluate the performance of the board. While some have seen this as merely a compliance ‘box ticking’ exercise, smarter boards have welcomed it as a real opportunity to enhance board performance.

Board evaluation is now a common process across the corporate, not-

for-profit and public sectors as a way to improve organisational performance. There is no reason why it cannot be applied too to the boards of professional services firms to improve both the performance of the team at the top, and the firm as a whole.

So how should you go about it and what should you seek to achieve? In this Winning Business Digest we’ve shared a suggested seven point plan.



1 Internal vs External Evaluation

Firstly, decide whether you will undertake an internal evaluation or whether you will engage an external consultant. There are pros and cons with each.

Internal Evaluations: With an internal evaluation your board members may feel it is a more informal process and, depending on who is carrying out the review, they might feel easier to talk about some of the issues (but not if the issues are with the Chair and he or she is carrying out the evaluation). That is why it is critically important to decide who will undertake the evaluation.

The Chair or the Secretary to the Board (if there is one) might be the reviewer but of course they sit at board meetings and cannot be entirely objective. An alternative would be your Head of HR or Organisational Development who should have experience of performance reviews and so clearly a relevant background.

External Evaluations: When you bring in an outsider there is always the issue of confidentiality and revealing what you are really like to a stranger! However, it makes for a much more independent review – the evaluator can be completely neutral and, seeking neither fear nor favour, can provide an objective (though hopefully constructive) opinion.

Try this: *If you are undertaking a board evaluation for the first time, you might want to start with an external one and then alternate this with an internal one next time. The remainder of this article will proceed on the basis that you are opting for an external board review.*

The best evaluations are undertaken by more than one person and by a team comprising people with different backgrounds.

2 Clear Scope

Be absolutely clear what you are seeking from the board evaluation. While the Chair is likely to drive this, it is important that all board members buy into the process.

Draft the scope of the review carefully and have this approved by other board members. For example, do you want the board reviewed as a whole – that is how well does it work as a team? Where can it improve? Or do you want the evaluator to assess the performance of each individual board member too.

Try this: *Before you draw up the scope, have a meeting with other board members to discuss openly and honestly where you believe the board could improve.*

3 An Even Clearer Proposal

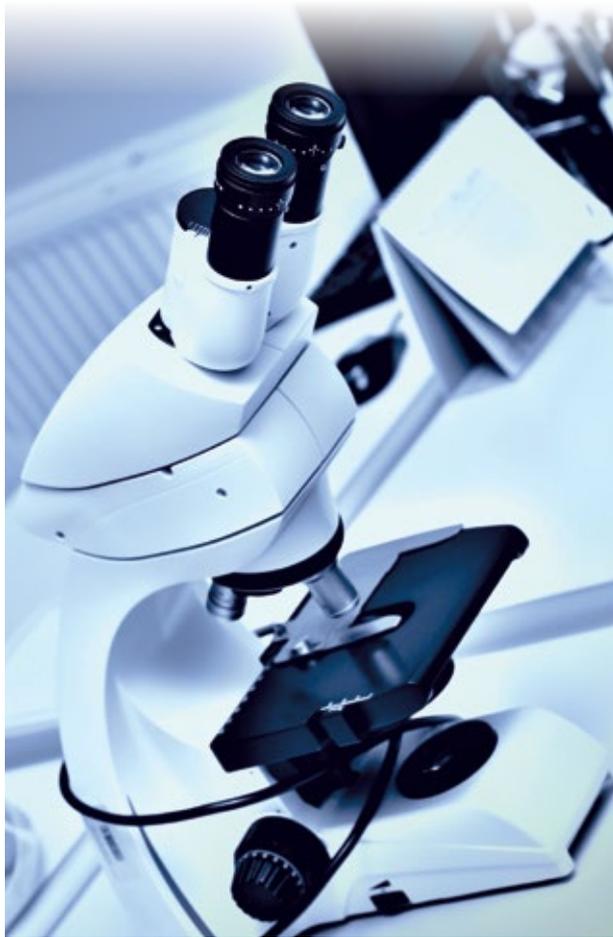
Ask potential evaluators to put forward a proposal outlining how they can meet the requirements of the scoping document and hopefully beyond this. Ask for details of the track record of the team.

In my view the best evaluations are undertaken by more than one person and by a team comprising people with different backgrounds. So you might select someone who has experience of boards with another person who can administer psychometric tests, if you want to use these.

Obtain a firm time and cost commitment and don't rush the process! I have seen requests for evaluations where the whole process needs to be completed in a month or so. It is a serious and valuable exercise – so treat it as such.

Try this: *Ask evaluators what experience they have had on boards and have they been the subject of an evaluation?*





5 Consistency

All board members should be interviewed. I believe it is best to draft a list of questions based on what is required by the scoping document – that does not prevent the evaluator asking additional questions on areas which may come to light during a particular interview.

It does mean, however, that there is consistency of questioning and therefore results. As important, the Chairman should be asked to approve the questions and to advise the evaluator if there are any “no go” areas. I prefer to do face to face interviews but this is not always feasible.

In addition, if possible, ask the evaluator to talk to some non-board members. In all of this confidentiality, of course, is key and the evaluator should determine with each interviewee whether they can be identified on anything they have said or, indeed whether it can be included in the report.

I tend not to attribute comments and I am careful to ask whether I can include something someone has said (even where this is unattributed) in the report – Boards are generally small and inquisitive teams!

Try this: *Ask the evaluator how they assess the culture” of an organisation and of a board.*

4 Complete Transparency

Determine what you want the evaluator to see and know! The best evaluations work where there is complete transparency and nothing is hidden.

There is nothing wrong with telling the reviewer that one particular person on the board dominates meetings so long as you don’t try to influence what the evaluator writes in his or her report. If you do, the whole process is meaningless.

The evaluator should observe at least one board meeting (and committees if there are any) and have access to agendas, board papers, committee papers, minutes as well as constitutional documents and be asked to comment upon these.

Try this: *Ask the evaluator what they find the most challenging part of the evaluation process.*

Don’t try to influence what the evaluator writes in his or her report. If you do, the whole process is meaningless.



6 Less Is More

The Chair should ask to see the draft report before it goes to the rest of the Board. He or she should be able to comment but not to change the substance of the report. If possible, the evaluator should meet with the Chair to discuss the report.

Reports should be clear and fully substantiate any points made. Less is often more here! They should contain a list of recommendations and action points.

Ideally the evaluator should present the report at a board meeting highlighting the main points – though they need not be there for the full discussion of the recommendations, particularly if these are controversial.

Try this: Ask the evaluator to identify the five most important actions.



7 Act

Finally, the Board should act on the evaluation. That does not mean following every recommendation but, if no action is taken, the evaluation has just been an academic exercise. Having a clear list of action points and tackling these over a set period is one way of doing this. Consider asking the evaluator to come in after six or 12 months to assess what progress has been made.

Try this: Put a marker in the diary for a future board meeting to discuss what action has been made since the report was issued.



Summary

Running a board is no easy task. A board is a team of busy, strong and able people – people who often have egos! Governance has focused on having the right skills around the board table – clearly that is essential. As important, though, is getting the board dynamics right – having board members with the right skills and who can work together. Hopefully, your board evaluation will help you assess this and improve your board performance.



This **Winning Business Digest** has been written by guest contributor **Ian White**.

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