FIVE TELL TALE SIGNS OF POOR GOVERNANCE

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HELLO!

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200 governance assignments!
TALKING POINTS

• BOARD COMPOSITION
• BOARD ROTATION
• USE OF BOARD TIME
• BOARD REPORTING
• EVALUATION
1. BOARD COMPOSITION
POOR BOARD COMPOSITION CAN LEAD TO:

- Stale air in the boardroom
- Group think
- Lack of diversity and diverse thinking
- Looking at the waves and not the sea
- Misalignment of strategy ambition and supporting board horsepower
What influences Board Composition?

- Organisation Strategy
- Regulation
- Need to plug key skill gaps
- Independence
- Constitution
- Soft skills
2. BOARD ROTATION
POOR ROTATION LEADS TO....

- Status quo becomes the standard
- Lack of challenge
- Lack of original thinking
- Sub optimal decision making
- Downward spiral in board / organisation performance
What influences Board Rotation?

Constitution

Strategic alignment

Director performance

Contribution

Development stage of the organisation
BOARD RECRUITMENT SHOULD BE STRATEGIC NOT TACTICAL OR AD HOC
3. USE OF BOARD TIME
What is poor use of Boardroom time?

- Badly prepared directors
- Poorly thought through agendas
- Poorly prepared board papers
- Inappropriate use of time - policy, strategy & operational matters
- Managing dominant personalities
5 GOLDEN RULES FOR SUCCESSFUL BOARD MEETINGS

- **Rule 1:** A time based agenda where there is clarity on the outcomes required for each topic
- **Rule 2:** A Chair who can involve the room as required and manage the personalities
- **Rule 3:** Well prepared board papers that enable directors to do their job
- **Rule 4:** Having the right people who can add value around the table
- **Rule 5:** An environment where constructive challenge is healthy
4. BOARD REPORTING
Poor Board Reporting results in....

- Inability to hold the executive to account
- Difficulty in assessing performance
- Inability to assess key risks
- Inefficient Board meetings
- Frustrated directors
Good Board Reporting focuses on...

- Succinct CEO Report
- Performance against Strategy based on KPIs
- Performance against the Annual Business Plan
- Financial and Operational Performance
- Committee Reports against their Terms of Reference
- Risk and Compliance
5. EVALUATION
If you don't measure performance you don't know how you are doing
Lack of Evaluation results points to....

Potential regulatory breeches

No objective benchmark for current performance

Inability to provide chair/director feedback

Lack of evidence to exit underperforming directors

Lack of priorities as to how to improve current performance

Poor leadership at Chair level
What should be evaluated?

- Chair
- Board as a collective
- Directors
- CEO
4. LEADERSHIP AND SKILLS AT EXECUTIVE LEVEL

• Good enough for the times ahead?

• Succession and development plans

• What new skills are needed – will depend on your strategy!
  • Digital
  • Managing at a distance
  • Hard skills vs soft skills – empathy

• Agile?
Questions?
Diploma in Corporate Governance

Includes:
✓ 100% Online
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