



Board evaluations

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David Archer & Alex Cameron

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Socia Round Tables

Board evaluations

What do board members really think about the issues that they face in boardrooms across the country? Often the demands of a conventional boardroom agenda don't provide the time and environment to find out. So, as board advisors, we set up a series of roundtable discussions bringing together board members from different sectors to hear their views and share their wisdom in an occasional series of articles here at *Governance*.

The first discussion focused on board evaluations and how to get more value out of them. Most boards have experience of these assessments for good and ill. We wanted to know what board members thought made an evaluation process useful – and worth the money and effort. Five themes emerged by the time we were finished.

1 Know why you are doing it

An external board evaluation is first and foremost an opportunity to solve problems, and a moment in time when long standing issues can be addressed. Board members have an expectation that the process will shine a light on significant issues that probably won't come as a surprise but could otherwise be delayed or avoided. These might include succession, a change in business strategy, or in a key relationship. So, whilst many organisations are required to have a periodic external evaluation of their board – and others may see it as a necessary evil – the boards that get the most value from an evaluation are those who know why they are doing it, choose the right time to do so, and seize the opportunities it brings.

2 Promote conversations rather than tick boxes

When looking at how board evaluations are carried out, face-to-face interviews and observation of meetings lead to many more insights than paper-based or on-line questionnaires. Although there is a requirement to evaluate many standard board processes, most of this can be done by examination of existing board papers and records. The exploration of board dynamics that can arise from observing board meetings and from one-to-one interviews with board members is where the real value lies and where time is best invested.

3 Mix qualitative with quantitative methods

Whilst it is rarely useful for individual board members to give numeric ratings for each other, it can be valuable to bring some quantitative data into the process of capturing perceptions of how the whole board functions. A mix of top level quantitative perception data alongside qualitative impressions of the strengths and potential blind spots in a board is the approach most likely to promote the necessary conversations. Data

from external board evaluations also provides the opportunity to compare how boards of other organisations have tackled similar issues.

4 SIDs have a valuable role to play – if they are used well

The SID is becoming an increasingly valued role on PLC boards, but in other sectors this is less the case to date. However, a SID can be a valuable addition to any board. They can hold the chairman to account and can take particular interest in the progress of board evaluations and indeed commission them in some cases. Working with a CoSec they can also take a lead in board development activities that are identified in response to the evaluation. The SID role can sometimes be seen as simply another job for the deputy chairman, but the role is substantially different and SIDs should not be selected on being the most natural successor to the chairman.

5 And finally – beware the risk register

Conventional risk registers are rarely the vehicle by which the most strategic risks to organisation are meaningfully discussed and dealt with by a board. A board dynamic that encourages non-execs to express concerns, and to ask questions that might be thought to be rocking the boat, is one that is most likely to be recognising and acknowledging strategic risks.

So, overall the group was clear that any effective board evaluation process needs to look beyond the bureaucracy of board operation (essential though this is) and focus its attention on how well the board is equipped to listen to different perspectives and dissenting voices. Boards too often just rubber stamp proposals that have come to them for approval. The decisions that a board actually makes (particularly where non-executives and executives hold different views), define the true value of the board to the business. So, enabling improvements to the decision-making dynamics of the board is where the evaluation process can deliver most value from the investment.

In our next boardroom dinner conversation, we will be finding out what board members think of the contribution of Programme boards to the leadership and performance of large programmes. Is there something for Programme boards to learn from Corporate boards here?

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