

Achieving balance on a Board by

JAMES ATKINS



Is achieving balance on a Board a similar concept to work-life balance – good in theory but hard in practice?

And what factors need to be in balance – capabilities, diversity, risk, strategy, culture or performance? In fact, all of those things...but there is no 'balance' nirvana!

It's a balancing act between the right mix of people, and an appropriate focus of attention, to optimise Board performance.

Firstly, what is an appropriate focus?

There is no doubt that Boards and their governance of the organisation are headline grabbers at the moment. And for good reason. There's clearly been failures in some of the bigger organisations. And accountability obviously rests at the feet of the directors in many cases.

However, a big risk in all of these discussions is an overreaction. Not just in terms of regulation, but just as importantly in terms of Board focus.

One response could be for nervous Boards to disproportionately focus on risk above all other responsibilities. Yes, in some cases risk and its governance clearly needs to be tightened, but not to the detriment of a clear focus on looking forward; tackling the big challenges and opportunities that face each and every

organisation. It can be a big risk if all you do is focus on risk!

On the Boards that I am involved with, and in particular one that I chair, I have a 70/20/10 framework.

Our aspiration is to focus discussions 70% on strategy (looking forward), 20% on performance (looking back) and 10% on risk governance (looking both ways).

Not always easy to do, and urgent challenges can get in the way, but it is a good lens within which directors can think about their role and the value they can truly add.

However, the trick is to firstly ensure that the governance foundation is firm and is regularly reviewed against a changing environment. Culture is key. Having the right systems and processes are important, as well as ensuring they are regularly stress checked. In reality this is a strategy item.

Similarly, for performance – what are the key metrics being used, and how open and transparent are management in discussing performance issues with the Board. Open discussion around performance is key to enabling fruitful explorations of strategy.

Once there are transparent and robust foundations around governance and performance, the Board should be able to focus on the most critical area in my opinion – strategy. As a Board you need to agree the

process and approach you are going to adopt with management to review, refine and stress test your strategy – today and into the future. A recent Board strategy offsite I attended worked well because we had thought through the key strategic challenges facing the business beforehand. We were thus able to focus the discussion around the agreed critical strategic priorities. Having the right mix of people around the table helped (see below) as did engaging a professional facilitator to keep things moving and focussed.

Secondly, what is the right mix?

What processes, skills and experiences do the Board need to do its job well to both the dynamics and the mechanics to ensure the 70/20/10 balance is being aspired to (if not always attained!). Putting together the right mix of directors to support the strategic challenges and opportunities facing the organisation must be the starting point.

The starting point typically is in the area of specific competencies needed around the table - that is the functional skills (including legal and accounting) and the specific experiences (such as industries or sectors). But this is not where it should end.

Diversity is clearly important – on such factors as gender obviously, but increasingly relating to other demographic aspects such as ethnicity

and age. Even if your business only services Australian customers it is important to realise that nearly 28% of Australians were born overseas, with half having at least one parent born overseas.

We are making progress, but it is slow to say the least. Last year I was approached about joining the Board of an ASX company – current and proposed directors were all males over 50. I declined the opportunity for a number of reasons, a key one being the mix of directors.

However, the most critical aspect of diversity relates to diversity of thought. The ability to have a wide range of experiences, skills, and perspectives that can be brought to bear when sitting around a board table – when exploring change and its impact on strategy.

And finally, mindset – a growth mindset. A life longer learner. Directors need to be actively upskilling, keeping abreast of change in such areas as technology, business platforms and leadership. Just because you are at the pinnacle of the organisation doesn't mean you should stop learning.

As Einstein said “once you stop learning you start dying” ...and no one want that for themselves, let alone for their business!

Of course, this is in an ideal world. On many Boards the Chairman won't have the luxury of being able to put together the Board like ingredients for a cake. In member associations or cooperatives, private companies or even the





ASX, where there are shareholders with large stakes, the Board make up may well, in part, be predetermined through the constitution or by key stakeholders. This makes it even more critical to review the 'given' set of skills and experiences and look to add through targeted recruitment to make the mix as optimal as possible.

It is even more important when faced with this sort of Board make up to ensure the 'focus' part of the balance equation is structured to ensure the right issues and strategies are being addressed. Getting agreement to a Board workplan, allocating the right time and priority to key strategic items on the agenda, and holding out of session Board discussions and workshops can help attain the right focus.

Yes, it is a balancing act, and one that can be quite dynamic depending on the players and situations you face. However, with the right mindset, directors should be able to work together to optimise performance - today and into the future.

About the author

James Atkins is an experienced Chairman and Non-Executive Director with 20 years experience across the property, financial services, franchising, technology, tourism, health, arts and environmental sectors. He has specific expertise in the areas of strategy, marketing, customer experience, technology and stakeholder management.

James also operates a boutique strategy consultancy firm - Vantage – that supports Boards and Executive Teams in developing strategy and helping build leadership capability to implement.

James Atkins

Chairman and Non-Executive Director

Contact James at

<https://www.linkedin.com/in/jamessatkins>
and www.vantagestrategy.com.au