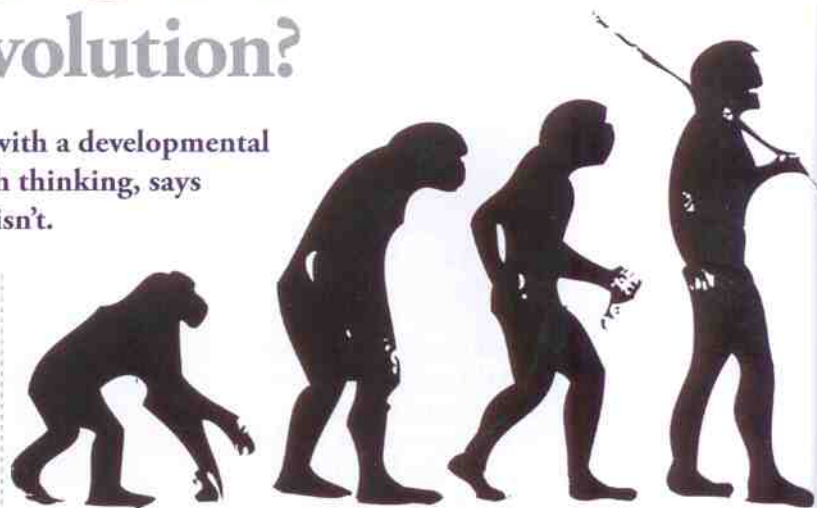


BOARDROOM BEHAVIOUR: compliance or evolution?

Board evaluation is entering a new reality, with a developmental approach to delivery at the forefront of such thinking, says **IDDAS' Helen Pitcher**. Sleep-learning this isn't.

As we survey the corporate landscape, there are precious few examples where Codes of Practice and legislative frameworks have made significant impact on changing individual and collective corporate behaviour. A quarter of a century on, the glacial change stimulated by sex discrimination and equal pay, to name but two, remain a depressing benchmark.

We would be forgiven, then, for viewing the prospect of transformation on the back of recent changes in the Corporate Governance Code with a jaundiced eye. Any potential stimulation to change is also fighting to overcome the strongly held view that the history of board assessment is not built on a confident platform, with many Chairmen seeking a minimalistic and ritual compliance. To quote one Chairman, "In my experience, assessment of the board often creates more dysfunctional conflict than it purports to solve, with colleagues commenting on colleagues, causing disquiet and distrust."



Is this the only way? The current approaches are often seen as an adversarial judgemental process — with a traditional focus on 'pass or fail' and 'win or lose.' This is reinforced by our historical perception of the boardroom as a repository of the finished article. Why, the thinking goes, do they need any further development, coupled with anything less than perfect scores being seen as failure?

Model behaviour

Given this background, and the agreement among most board members, practitioners and regulators of the



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Helen is recognised as a leading organisational performance coach, mentor and boardroom practitioner, who works at the most senior level in FTSE 100 and international companies, as well as the public sector. She is a panel member of the Employment Appeal Tribunal, member of the Selection Panel for Queen's Counsel, Chairman of KidsOut.

need for change, how do we use the new frameworks to reposition board assessment from a “useless checking exercise with no impact on behaviour” — as described by one Chairman in the recent IDDAS report on Board Dynamics – The Chairman’s Perspective — to a business-driven process which forms part of the strategic vision of the organisation?

While legislation does not have the history of driving behavioural change, we do have a new framework and attitude which can potentially be a catalyst to do things in a different way. So, can we use this platform to drive changes in behaviour and sustain them when the current spotlight on boardroom behaviour and effectiveness has dimmed? A sensible way would be to create an effective business case and process for driving this strategic behaviour and embedding it in the growth and development of the board.

The best boards do this already, often in spite of little support from the previous Code. They look seriously at the future profile, dynamics and development of the board — with the Chairman and SID as the driving force — and create a sustainable sense of a team with a mission, its own motivation and a collective will to achieve the strategic aims of the company. When we look at this best practice, it challenges us to establish an approach which focuses on the long term capabilities and needs of the board, and away from the immediate judgement of its competence, the day job of the Chairman and shareholders, and more naturally drives us to a developmental approach to delivery.

Further, it breaks the old model of the board as a final destination, and creates views of the boardroom as a place to develop new skills and capabilities. That it concurrently assists the recruitment difficulties of non-executives, with the new generation seeing the role as less of a poisoned chalice and more as a natural progression of their career development plan, can only be a good thing. So how should we view these new skills? Many Chairmen and non-executive directors progress to the boardroom via a CEO role — typically a career of taking charge, being accountable, assertive and taking an individualistic stance on risk taking. Suddenly, we are asking these highly competitive and stand out individuals to acquire collective responsibility and the ability to provide effective constructive challenge without upsetting the apple cart. Finally, they are expected to facilitate a supportive, free-flowing team dynamic on the board — fairly unique skills in their own right, and not ones I have noticed naturally occurring in the majority of CEOs.

Assuming the (re)position

The formal position of the board is a group of equals who have active collective responsibility for all that happens. The focus on this group responsibility has been reinforced by recent events where a number of boards were perceived to have abdicated this responsibility. No longer is it acceptable to delegate the risk and review to an ‘expert’ who, in many cases, does not sit on the board. Understanding the organisation’s business model has thus become a key capability of all the directors on a board.

The repositioning of board assessment as a strategic driver deployed by the board for themselves becomes a more reliable option. This new approach has many familiar aspects, though; it is the positioning and engagement with the board which remains the key cog in changing the system. Where we carry out this approach we see a different level of engagement from the board, as it moves from a position of being “done to” to the fulfilment of strategic responsibilities.

Crucially, this approach entails the Chairman facilitating the board to review its future capabilities in fulfilling strategic aims. With a significantly greater dependency on e-commerce, for instance, how many boards have been formally developed and educated in the opportunities and risks associated with this changing landscape? This strategic review, in turn, informs the developmental model for the board. The assessment process becomes a review of how individuals can move towards achievement of these capabilities, together with the collective development of the skills of effective debate and challenge.

This, of course, creates a much greater sense of ownership of the process, and both a collective and individual responsibility to change to meet the needs of the future board. It equally ensures a more open environment, where the needs and requests for support and development of particular capabilities or knowledge becomes more normative as a collective process. Our challenge is to turn this board assessment model into a business case which recognises the developmental needs of the board, engaging individuals to recognise and be ready for change, have the willingness to undertake the change, while providing the support and development to make that change.

Practitioners in the board effectiveness field ought to move from a compliance-based model to a developmental model so as to drive change. This is much more likely to sustain the long-term business case for change when the current drivers of re-action and fear are removed and business and economies stabilise and re-assert themselves. ■■■

