Board ROT

How do you allocate the right amount of time to the priorities your board has set? This is a question faced by every chairman and lead director. Fundamentally, what is your board's ROT: Return on Time?

Today, every board is faced with competing pressures from regulatory compliance, implementing good governance practices, CEO succession planning, risk management and strategy discussions.

Many books have been written on good governance practices. I've read many of them and you may have some on your bookshelf. To make sure that your board is spending the right time on the right issues, let's examine some simple but effective methods to make sure that your board's return on the time invested is consistently high.

3 Key Steps

There are three steps to setting and maintaining the correct allocation of time to your board priorities.
1. Verify you're allocating your time to the priorities you set.
2. Periodically evaluate your success matching time to priorities.
3. Effectively handle non-priority matters that still need some of your attention.

These steps may seem simple but most of us find it really hard to allocate our time effectively and then adhere to our plan. Personally, I have found it be a continual struggle to make every board minute count with the right level of discussion on the right issues. Given ever-increasing demands on directors and the amounts of time we spend, it's an issue that we need to continually work on. Let's look at each of these 3 steps in more detail.

Verify You're Allocating Time To Priorities

Begin with evaluating the last two or three board agendas. Where was the focus? Did the time allocated to each topic match the importance? How well did the agenda match board priorities? How much time was spent on each of your priorities? Simply total the amount of hours spent for each priority. Also, track the amount of time spent on non-priorities and identify the major categories where you spent time. These are the topics that will need eliminated or managed differently if you're to be successful.

This forms your baseline. Then set targets for each board priority based on your assessment of the time requirements needed to be successful.

Periodically Evaluate Success Spending Time On Priorities

Charge your board chair, lead director and CEO to prepare each board agenda to reflect your board priorities. Then at the end of each board meeting, spend 15 minutes looking back over the meeting and discuss how well the discussions matched the really important priorities of the board. Committees can do the same spending the last 5-10 minutes evaluating the effectiveness of their committee meeting.

Effectively Handle Non-priority Matters

Look at all the non-priority matters and determine how they can be more effectively handled. Some can be delegated to a committee. Some can be managed differently by the board to minimize time spent. Perhaps a written summary of the topic or a status report can replace a 30-minute PowerPoint presentation. Some topics may even be eliminated. The important thing is to recognize that they are not critical. Don't spend time because you like doing them or you that's the way you've always done it that way.

Questions for Board Discussion

- Are we spending our time on the most important priorities?
- What do we need to do differently at our next meeting?

Evaluate ROT (Return on Time)

Allocation of time is one of the most challenging tasks for any board. Time demands will constantly challenge even the best-run boards. The return on your time investment (ROT) is a critical determinant of board success and the success of the business. It's important that every director extract the maximum value from every minute they spend.