

Great Directors Focus

Where do the best directors focus their time and energy? On 4 areas: performance, strategy, market position and innovation.

Recently, I participated in discussions with over 80 outstanding directors. Many were also CEOs. These directors were from a wide variety of companies: all industries, all sizes and all types of products.

When I distill their comments, there were 4 common areas of focus.

1. **Manage for performance:** They hold their CEOs feet to the fire on meeting performance commitments. The approved operating plan is a plan to be achieved...not just a target to shoot for.
2. **Strategy that creates shareholder value:** They require that their CEO annually present a strategy to continuously build shareholder value through new products, new markets and better operational performance.
3. **Market position:** They regularly review the strength of the company's market position and also threats to that position.
4. **Continuous innovation.** They challenge their CEOs to identify and invest in new innovative products and services. Innovation maintains competitive position and supports value creation over the longer term.

These directors realize that poor performance in any of these four areas jeopardizes the others. All four must be consistently done well. Each area also incorporates discussions of risk and risk management.

It was clear that this focus brought clarity to board discussions. It also provided an effective framework for CEO evaluation.

Reflect on opportunities where you could improve as a director and increase the value you can provide to your CEO and your fellow directors.