

Improve Your Strategy Discussions

How smooth was your board's last strategy review and approval process? Does your board really understand and support your CEO's strategy? How effectively do you and the other directors on your board participate in strategy development, review and approval?

One of the most important board duties is to make sure that strategies are in place to create shareholder value. Successful board oversight of strategy requires hard work, discipline and the active participation of all directors. It is a continuous process that closely links strategy to operational results, risk management and CEO succession planning.

4 Steps You Need to Take

There are four steps that your board can take to help improve the strategy governance process, improve the quality of your company's strategy and minimize any tensions between directors and your CEO that might occur from the review process.

1. Define the questions to be answered
2. Require review materials in advance
3. Focus discussions
4. Summarize discussions

Effective use of these steps will make the strategy review process go smoother, ensure alignment between you and your board and keep discussions focused on the right issues.

1. Define the Questions

Every board needs to define what questions they expect to be answered during the strategy review discussions. Ask your CEO to provide your board with a list of questions that she plans to address during the annual strategy discussion. Directors should review and comment on these questions to ensure they are focused, comprehensive and will meet the board's needs. Then, use these questions as the framework for a discussion of strategic issues. Your board chair or lead director should make sure that each question is addressed and satisfactorily answered during the discussions.

2. Require Materials in Advance

Require the strategy presentation and relevant background materials at least one week before the board meeting to provide sufficient time to review and reflect on the strategy. Each director needs to carefully read this pre-board material. Each director should also be provided with an opportunity to call the CEO to get any clarifying questions answered prior to your board review and also to suggest additional questions or concerns that need to be answered.

3. Focus Discussions

The CEO should lead the discussions during the board meeting. However, the board chair or lead director must ensure that discussions stay focused on the correct issues. Using the list of questions in Step 1, expect your CEO to frame the questions to be addressed, review management's planning assumptions and then their key strategic initiatives. Assume that all directors have read the pre-meeting documents so you don't have to waste time reviewing the material sent out as a pre-read.

4. Summarize Discussions

Finally, at the conclusion of the strategy discussion, the CEO should summarize what the board has approved and what open issues remain. She should commit to a plan and timetable to address and resolve these open issues to the satisfaction of the board.

The best boards and CEOs discuss business strategy and the competitive environment in every board meeting. Operational reviews, risk management discussions and CEO succession planning all are driven by business strategy and influence future strategy iterations.