

Is Your Board On Strategy?

Every business constantly changes and evolves. Boards must keep pace with this change. Change creates the need to evaluate board composition and evolve your board along with the business.

In the early stages of business growth or in industries experiencing fast technology change, the evolution is much more rapid than in older established businesses. However, one thing is perfectly clear. Static board composition can jeopardize good corporate governance and not provide the CEO with the support and guidance they need to be successful.

Strategy Drives Everything

There is a simple continuum in place at all companies. Company strategy drives company evolution and that drives board evolution.

Company Strategy → Company Evolution → Board Evolution

Company success is directly correlated to a clearly articulated, well thought out strategy that is approved by your board. Almost every issue a company faces can be linked back to either a poorly thought out strategy, a strategy that is not agreed to by the board or a strategy that is poorly executed. That's why a large component of the success of any CEO is the ability to develop and implement a compelling strategy.

Flipchart Lesson

Very early in my career, I was making a presentation on an important new project to a senior executive. After what I thought was a very persuasive and eloquent flipchart presentation (yes, that's what we used in those days), he asked me one very simple question that has always stuck with me. It's a question that I use for important decisions. **"Is it on strategy?"** If the answer is yes, do it! If the answer is no, don't!

Evaluate Board Composition

Two questions allow you to focus directly on the current and future composition of your board. The next several essays will provide proven techniques to help you evolve your board to make you more successful.

- Do we have the right board members?
- What director skills and experience do we need to help me address the issues our company is facing?

These are critical questions for every company regardless of size. Larger companies with established and well functioning Nominating & Governance Committees will be discussing these questions annually as part of their normal committee work. High performing boards have an annual board evaluation process in place and are always thinking about refreshing and updating their board

Smaller Companies

However, what about smaller companies without an N&G Committee or those companies where the N&G Committee functions poorly? This is where CEO leadership and involvement in director selection and board composition is an absolute necessity. Board directors are responsible for making sure all directors are competent and that there are good governance processes in place. The CEO is responsible for making sure that those same directors can help him be successful through the breadth and depth of their experience and wise counsel. These two responsibilities are not mutually exclusive and effective solutions can be achieved with some hard work and coordination between you and your board.

There are three steps to an effective board director selection process

1. Determine what skills and experience are needed.
2. Evaluate your current board.
3. Develop a plan to evolve your board and fill any gaps.