



Tools for Improved Governance - Making Better Use of the Board's Time¹

"...most of what boards do either does not need to be done or is a waste of time when the board does it. Conversely, most of what boards need to do for strategic leadership is not done."²

While this hard-hitting statement by governance writer John Carver may not ring true for all boards, nonetheless it is a sufficiently accurate observation to serve as a wake-up call to directors of both not-for-profit and corporate sector boards.

Carver is not alone in holding such a view.

In the last two years we have carried out several major research projects on boardroom performance and capacity in which a wide range of CEOs, Chairs and other directors were surveyed and interviewed. A frequent comment made by those who took part was that their boards did not spend nearly enough of their time addressing, in a sufficiently deep and thorough manner, the strategic issues facing their organisations.

This would appear to be a general concern in the boards of all types of organisations. To provide time to deal with the things that really matter to the future of their organisations many boards allow themselves, at best, a once per year strategy 'retreat'. Even on those occasions the board's role is often limited to a superficial review of staff analyses and proposals. (Of course it can be done a lot better – see our earlier series on strategic retreats³)

As John Carver has observed (in relation to not-for-profit boards): "Board members arrive at the table with dreams. They bring vision and values. In many cases their fervently held beliefs and sincere desire to make a difference impel them to board membership in the first place. Yet, by and large, board members do not spend their time exploring, debating, and defining these dreams. Instead they expend their energy on a host of demonstrably less important, even trivial, items."⁴

Why are boards – including those in the private sector – typically such poor managers of any board's most precious resource – their own time?

In part it seems to come from an unclear view of their own job and their own 'value-added'. In part it is because of poor governance processes, including board leadership⁵. There are a host of other reasons as well. The average governing board's apparent inability to focus on the really important things has had disastrous consequences for many organisations and companies.

Any board must develop a sharper focus on what is really important to it and then look at a realistic programme for addressing those matters. This is easier said than done because, first, the board has to acknowledge collectively that it could make better use of its time.

How might your board get to the point where it can even acknowledge in the first place that it needs to do something to change its behaviour?

We have found the following time analysis exercise can be a really powerful and effective way to both generate some data about the way different directors think about how the board is spending its time. More importantly, this brief exercise⁶ generates some really valuable discussion, not only about the board's *efficiency* (does it do things right?), but its *effectiveness* (does it do the right things?)

First, ask each director working by themselves⁷ to note down what activities, topics etc. the board has spent its time on over, say, the past 3-6 months. We suggest you also ask the Chief Executive and other staff who commonly observe board meetings to participate as well. They may have a different perspective that should be identified and discussed.

Then ask each person to place those activities and topics into one or other of the categories in the following 2 by 2 matrix and to categorise roughly *what percentage of the board's time* they think has been spent in each of the 4 quadrants.

<p>Quadrant 1</p> <p>Important and Urgent</p>	<p>Quadrant 2</p> <p>Important and Not Urgent</p>
<p>Quadrant 3</p> <p>Not Important but Urgent</p>	<p>Quadrant 4</p> <p>Not Important nor Urgent</p>

If you have the time then ask individual to discuss their personal conclusions with one other person. Finally, have a 'show and tell' session when each person describes his or her own conclusions.

Don't be surprised if the consensus suggests that your board spends between 40 and 60% of its time on matters which are **not important** (i.e. in the bottom 2 quadrants). We have conducted this exercise with dozens of boards. They have consistently reached conclusions that fall within that range. In other words, boards consistently conclude that, in retrospect, about half of their time has been completely wasted!

In one very important sense that number is not important and 'scientific accuracy' is not what the exercise is about - just doing the exercise will be the catalyst for a very useful conversation about just what is a good use of the board's time. Approximately how much of what the board typically deals with is really *important* and how much is simply *urgent*?

If the boards with which we have used this analytical tool are typical, and there is no reason to think they are not, this puts into perspective the oft-used excuse that the board *does not have enough time* to spend on matters that are strategically important to its organisation's future! Quadrant 2 topics and processes include, for example, strategic thinking, risk characterisation, defining and reviewing performance expectations and key results, stakeholder consultation, relationship building, and the like. These are all matters requiring a degree of proactivity which, if absent, destines the board to be forever, reactive!

Having got this far – what next? How do we improve the effectiveness of the board's use of its time?

Just as in Stephen Covey's Quadrant II personal time management concept that inspired the development of this boardroom tool, a board should aim to maximise the proportion of its time spent in the top right-hand quadrant. Dealing with matters that are important but not urgent does, however, require a discipline and deliberation that is often absent from group effort.

The board must in a way therefore, create an artificial sense of urgency. One way it can do that is to decide what is really important (but not necessarily urgent) and *schedule* such matters for consideration well in advance. If it does not do so it is inevitable that things that are urgent (but not necessarily important) will simply crowd them out. Urgency in a 'Quadrant 1' sense – the fire fighting or crisis response quadrant – is nearly always determined by some outside agency or circumstance.

One of the most powerful things a board can do to improve its time use is therefore the development of an annual agenda⁸. Have the board brainstorm the most important things it must deal with over the next 12 months. What are those crucial things it must be 'on top of'? Don't be surprised if, between them, directors (and the CEO) come up with 20-30 items, or even more. Once you have a list that represents all the things individual directors feel the board must deal with during the next year, consider how much time should be spent on each of these if they are to receive proper consideration. When it is considered how often the board will meet over the next 12 months it will quickly become apparent that the list must be prioritised! This must be done in a way that results in collective agreement about a realistic work programme. To do some initial 'sorting out' a simple voting process works well – say a maximum of 6 votes per director.

From the list of priorities, we suggest you schedule *no more than one (or at most two) topics per meeting*. You can be certain that during the year there will be issues come to light that are 'Urgent and Important' (and *unforeseen*), that the board will have to pay attention to. There are also all the other 'routine' matters that need to be dealt with at each meeting. As a consequence, for some substantive topics, even one per meeting is ambitious and discussion may need to extend beyond one meeting. Be prepared to spend at least half of the scheduled meeting time exploring the chosen topic thoroughly.

As the use of the time use matrix will show up much of the board's time in the past has been simply wasted. All the time the board must be thinking aloud about

“what is the best use of our scarce time if we are going to add real value to this organisation? What are the matters routinely on our agenda that could be dealt with in some other way – which are discussion and decision topics that justify the time of the board *meeting together as a whole?*”

Creating an ‘annual agenda’ like this ensures that the board has a chance to think about, and focus on, the things it considers really important in terms of its *own* job. It provides a considered basis on which to delegate as much as possible to the Chief Executive.

This approach also protects the board from just ‘zig zagging’ from one meeting to the next reacting – often without adequate preparation – to whatever takes (or *demands*) its interest at the time. Scheduling the really important topics in advance gives everyone – board members and staff alike – the opportunity to prepare adequately for the discussion. By giving plenty of notice (as much as 12 months!) there is no excuse why anyone should not have had the opportunity to think through the issues involved. There is no way to guarantee that each board member will be diligent in preparing for board meetings but this certainly removes some of the excuses!

Assist this process by having the Chief Executive or one of the directors prepare, or commissioning externally, suitable ‘think pieces’ that will help to stimulate the board’s thinking and to inform the debate. Another option is to encourage the board to set up a ‘task force’ of its own members (in some ways far more useful than board ‘standing’ committees) on each of the scheduled topics. While it should be made clear that these are board ‘committees’ set up to help the board do *its* work there is advantage in perhaps supplementing their membership with appropriate staff members, stakeholder representatives and outside experts. The purpose is to explore the topic and bring relevant material together to inform the board’s consideration. It is also another way of improving the board’s time use. When it meets the board can be more efficient – getting straight into the ‘meat’ of the topic. It has all the information it needs to reach a conclusion, to decide on a position or policy.

Remember that board meetings are *the board’s meetings*. For example, the structure of those meetings, which people attend, what they discuss, and how, are choices that are entirely the board’s to exercise. ***The board is ultimately accountable for its own performance.*** If it wastes its time to the extent that our research would indicate is typical it has only itself to blame. The simple tools described here can, however, produce a quantum leap in the effectiveness of the board’s management of its time and the quality of its contribution to organisational performance.

- 1 An earlier, shorter version of this article was published in Association News, May 1999
- 2 John Carver (1997) Strategies for Board Leadership. San Francisco, Jossey-Bass.
- 3 Does Your Board ‘Retreat’? – The Value and Purpose of Strategic Workshops. Good Governance # 9; Planning A Successful Board Retreat. Good Governance # 12; Choosing A Retreat Facilitator. Good Governance # 14
- 4 John Carver (1997) op cit. p1.

- 5 Our comment here does not only draw attention to the performance of the board chair. Other directors should also take responsibility for meetings staying on track. Chief Executives often have a considerable influence over, for example, board agendas. Recently we discovered that the Chief Executive and CFO of a major company both routinely read aloud, word by word, their monthly reports to the board.
- 6 This exercise can be done more formally and even used as part of a board's effectiveness evaluation.
- 7 This could be done as preparation for a board meeting but we find it can be done reasonably quickly at a meeting too.
- 8 For more detailed discussion of this concept see 'Developing an Annual Agenda'. Good Governance # 11