



Get That Clutter off the Board's Agenda

In our work with boards of all types of organisations we are continually surprised at how so many try to struggle through agendas that are 'cluttered' with items and issues that have little to do with a board's governance roles and responsibilities, however important they may seem to some board members. Among this we include: correspondence, staff reports about operational activities (as opposed to the results produced by those activities), flyers and advertising material, non-policy related matters, operational approvals (where these should be delegated to the Chief Executive), financial reports (that are more detailed than the board needs to deal with), and presentations unrelated to the board's role (See Good Governance # 5 – Q & A Presentations to the Board.)

We suspect, however, that some readers may be aghast at the thought that the agenda items listed above are regarded as trivia and should not be discussed by the board. That being so we'd like to put a case against the inclusion of each of those items.

Correspondence

For not-for-profit boards, particularly, correspondence is one of those perennial agenda items whose usefulness or relevance is rarely, if ever, questioned. While its content may satisfy a certain curiosity it typically, however, has little to do with the real work of the board. While we have witnessed boards that require their CEO to list all 'correspondence in' and all 'correspondence out', and present this list to the board, we have yet to see a board doing anything meaningful with the list. That is not surprising for the vast majority of the correspondence 'in' and 'out' is to do with management matters and has little if any relevance to the board.

We have some suggestions for dealing with correspondence, ensuring that only relevant correspondence gets to the board.

Firstly, do away with the correspondence 'in' and 'out' list. That is just a waste of the CEO's time and a waste of paper. Having agreed that, next agree that only correspondence relevant to the board should come to the board. To facilitate this the board must agree what is relevant and what is not. Run of-the-mill management information is not relevant, a letter from the Minister regarding a change in direction by the Government typically is. But even this need not be presented at the meeting. Such a letter could be copied and circulated to all board members soon after it arrives.

In most instances correspondence, like the Ministerial letter referred to above, that has implications beyond the CEO's authority to deal with, or that concerns a board policy matter, should come before the board. But we suggest that when this happens the correspondence should be part of an agenda topic that analyses and facilitates discussion of the *policy implications* of the correspondence. If this principle is followed for all correspondence that the board *does* need to see, the correspondence received by the board informs a policy debate or strategic dialogue. It should never be an item in its own right. Quite simply, if a letter - or for that matter any other item on the agenda - does not relate to some aspect of board policy, it should not be on the agenda or introduced into the meeting.

Staff reports about operational matters

Most directors seek a connection with the organisation beyond the formalities of the board meeting. To that extent reports that 'fill gaps' in knowledge or provide a context for a wider strategic discussion are relevant and useful. However the board meeting is not necessarily the best place to receive these reports. Nor, necessarily, should the board discuss them. Staff reports (presented through the CEO to the board) targeted to board concerns are frequently essential to the board's dialogue and debate. Reports not targeted to matters of board focus seldom are. The principle is this: the board meets to do board business, not staff business. Its focus must, therefore, be on governance not operational matters. To the extent that operational reporting justifies use of the board's limited time it should be translated into a governance context, e.g. reporting against board policies such as the 'Mission', or Key Results or in the form of associated performance measures, so that the board can find governance relevance in their content.

As a general rule, all agenda-related reports should be read and evaluated by directors prior to the board meeting. They need not be read aloud, or even paraphrased by the CEO or other staff, and should only be used as the basis for discussion relevant to the board's governance role. There are reports, however, that do not have governance relevance but might be provided to the board as 'context'. These should not form part of the meeting agenda and, ideally, should not be distributed with the board papers.

Flyers and advertising material

Some boards do distribute these – indiscriminately - to be discussed at their meeting. Our advice is quite simple, "don't." All these do is divert the board from its governance role into irrelevant discussions and meddling in management matters (which most such advertising material relates to). A possible exception could be advertising which relates to director training or governance development opportunities. As this relates to the board's commitment to its own professional development there is a justification for their inclusion in the agenda.

Non policy related matters

If your board accepts that its main focus should be on policy making and review of policy implementation, then it follows that the board meeting should be similarly focused. Matters that do not relate to policy should thus not form part of the meeting agenda. There could be another forum created if any discussion involving the collective effort of the board is necessary.

Giving operational approvals

We regularly witness CEOs seeking permission from the board to carry out 'this' or 'that' operational initiative. Such permission-seeking commonly results from one or more of several background conditions:

- the CEO does not have the confidence to make his or her own operational decisions and seeks board backing as an insurance policy (a form of 'upwards delegation')
- the board is, in reality, the operational controller and the CEO merely makes suggestions which require board approval
- the CEO does not have a clear written delegation and thus is constantly unsure about the boundaries of freedom within which he or she can work and is free to make operational decisions
- while there *is* a written delegation, perhaps in the form of Limitations policies or some other documentation, the process of board discussion of such matters is so ingrained into the board's and the CEO's modus operandi that it just happens without any question or scrutiny.

Operational decision-making is the CEO's responsibility and the board should not be asked or expected to partner him or her in this. This, of course, is not to say that the wisdom and experience of individual directors should not be available to the CEO, rather that the board meeting is not the time nor place for the CEO to be taking soundings about options available to him or her. Opportunities should be found outside the board meeting for the CEO to engage with such director wisdom or experience.

Unnecessary financial reports

'Tradition' (i.e. unthinking repetition of past practices) is never more apparent than in financial reporting to the board. Top of the list of outdated practices in some boardrooms is the once ubiquitous monthly 'cheque schedule'. This is one of those 'old habits' that die hard with some boards. As interesting as some of the content may be to some directors, this schedule serves little real value to the board in its governing role. Far better that the board receives a fully analysed financial report from the CEO addressing predefined financial governance concerns (see *Good Governance* # 5 & 9), information about specific items of expenditure (i.e. 'the monthly cheque schedule') being made available to individual directors outside the board meeting, *if required*.

Presentations irrelevant to governance

As interesting as it may be to some directors to listen to staff or 'outsider' presentations, when there is no direct policy or broader governance relevance, such presentations should be deleted from the agenda. Most boards do not have sufficient time to adequately discharge their proper role, let alone allow their meetings to be diverted by otherwise interesting presentations that are irrelevant to the board's governance role.

Once this type of 'clutter' is off its agenda, the board can get on with its real role of governing the organisation in order to secure a sound and prosperous future. Desired outcomes are clearly specified and risks are addressed via the use of an efficient and non-time-consuming compliance monitoring process coupled with periodic risk assessment workshops. The outcome in organisational terms is a

soundly governed organisation with all the attendant stakeholder protections. At the same time, directors' skills, wisdom and experience are appropriately used. Role satisfaction cannot be assured, but such an approach will increase the chances of this being achieved.