



BoardWorks

Writing for the Board

(Part 2) - A Suggested Structure for Board Papers

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In the last issue of Good Governance, we emphasised the importance of preparing good board reports and described some of their characteristics.

In this second article on this topic, we outline a useful board report structure. A clear structure is vital to ensure there is a logical flow of thought and development of meaning through the paper. The following is a guide to the type of structure that has been proven to work well at board level in many different organisational contexts. It illustrates a possible sequence of headings (although different boards may prefer to order these in a different sequence) and the type of information that needs to be included in a board paper:

- **Agenda item number** – as the relevant agenda item is introduced the paper should be able to be easily located.
- **Author/approver** – the board should know who has formulated the advice or proposal and also who has approved it for submission to the board. The latter requirement may not be needed where the board has an expectation that every paper should be in the ‘voice’ of the chief executive.
- **Policy reference** – given the propensity in many organisations for ‘any old thing’ to end up on the board’s agenda it is a worthwhile discipline for both board and staff to be required to link the paper to an existing board policy. This is a vital filter. Nothing should get on the board’s agenda that does not have policy relevance.
- **Title** - the subject or title of the paper should be kept as simple as possible, certainly no more than one line.
- **Proposal** - a sentence or two (it is not necessary to list the recommendations here) that make it clear at the outset what the board (or committee) is being asked to consider or decide.
- **Executive summary** - if the main body of the paper is more than 3 or 4 pages long, or the paper deals with a subject that is particularly complex, an executive summary is essential. Its purpose is to explain the main issues as succinctly as possible. It should be no more than a few paragraphs in length.
- **Background** – this section should briefly provide, for example:
 - a description of why the board’s attention to the subject of the paper is required (for example, an expenditure proposal that is needed to implement a board policy);
 - reference to relevant policies or past board decisions (previous board decisions need not be restated in full - an accurate reference and a summary will usually be enough); and
 - a summary of pertinent developments that help illustrate the circumstances that require the board to deliberate on the particular matter.

- **Comment** - This is the main body of the paper. Its content should be sufficient to ensure that the board can understand the proposal. This section should state the need for the proposal and, as appropriate, set out alternatives and arguments for and against. A balance must be struck between the desirability of brevity and the need for sufficient explanation and analysis to support effective decision making. Make sure the key issues stand out and be conscious that lengthy, complex and detailed arguments may not be read or understood by all directors.

Where relevant this section may also acknowledge the views of key stakeholders although, in some organisations the consultation process may be so important as to justify a separate section of the report. The same applies where there are important compliance (e.g. with financial delegations and other specified risk policies, statutory requirements, etc) and implementation (e.g. publicity) issues. On balance it is better to deal with such matters under separate headings.

- **Recommendations** – discussion of the paper at the board meeting will ultimately focus on the recommendations. All recommendations, therefore, including alternatives, should be drawn together here at the end of the paper and not be distributed through the body of the paper. The recommendations section is where everything else in the paper is brought together for the board’s decision. Recommendations should always flow easily and obviously from the earlier commentary and analysis. They should not just ‘pop out’ or introduce new ideas or information. It is also important to ensure that recommendations are set out in a logical order and are clear and unambiguous. Where there are alternatives offered to the board (‘either/or’) these should be mutually exclusive. The recommendations section should be complete - all the decisions the board needs to make should be covered.

Writing good recommendations is an art form in itself. It is particularly useful if recommendations can be easily converted into a minute to record the board’s decisions (assuming the board agrees with them!). Each recommendation must provide a clear guide to whoever will be responsible for implementing the consequent decision. That person/group may not have been party to the board’s deliberations or even be aware of the various matters given consideration. For that reason, recommendations must also be able to stand alone. Their meaning must be clear even to those who have not read or even have access to the paper.

While some ‘old hands’ argue that recommendations should be drafted before the body of the paper, this practice encourages predetermination. For example, it can easily promote the advocacy of certain (often too narrowly conceived) solutions before there is an adequate understanding of the problem (if, indeed, one even exists).

Recommendations should be framed to be ‘active’ rather than passive. From our experience in assisting boards to make better use of their meeting time we have developed a particular impatience with recommendations that simply ask the board to passively ‘note’ information rather than deliberate. Information papers do not generally need to be on the board’s agenda paper even when they concern, for example, progress towards a particular aim or the completion of an important initiative. Such information can be incorporated into a separate chief executive’s report or conveyed to directors at another time. If there is a need for the board to discuss the matter, they are being asked to note it would suggest that a more active recommendation should be formulated. A possible exception to this advice is when the implications of undertaking a certain action should be acknowledged (i.e., understood) by the board – where it is desirable that the board be put on notice for some reason.

In summary, good recommendations:

- are accurate and follow logically from earlier sections of the report
- are precise in their meaning leaving no ambiguity about what is being proposed for decision
- specify all the decisions the board needs to make about the matter
- if necessary, set out clear alternatives for the board to decide between

- rarely ask the board 'to note'
- can stand alone independently of the paper, and
- provide a sound basis for recording and implementing decisions.

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