



BoardWorks

Getting On Board – The New Director Induction Process Making Better Use of the Board’s Time

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In the many board effectiveness surveys we have undertaken over the years, the quality of board induction processes has invariably been rated poorly. Other research we have undertaken suggests that, regardless of sector or type of organisation, the ‘average’ new board member takes about two years to feel fully competent in the role and comfortable in the position. This suggests that too many boards take the process of getting new members ‘on board’ less seriously than they should.

Consequences of ineffective induction

Inadequate induction detracts from a board’s performance in a number of ways.

Changes in board capability and dynamics are not explicitly addressed

Most boards seem to think that the onus is on new members to ‘get up to speed’ and do not consider how the board as a whole is affected. Even one new member at the board table can significantly alter the social dynamics and the strategic thinking and decision-making ability of the board. Despite this, boards seldom acknowledge and confront this situation in an explicit way. Conscious team building is comparatively rare. Even fewer boards make use of tools such as psychometric profiling which are commonly used by other types of teams in both business and in sport.

Social inclusion is delayed

A board is a social organism. Every new board member has the same concerns about wanting to fit in and to be respected. New members can be reluctant to contribute until they feel they know more and are better acquainted with their colleagues. First impressions count and new members do not want to appear foolish by asking ‘dumb questions’ or making ‘wild’ statements. When induction processes are inadequate the incorporation of a new member into the board team is far slower than it needs to be.

Obtaining the benefit of recruitment to improve diversity is retarded and rather than strengthening the board, in the worst cases it may result in board dysfunctionality.

Opportunities to improve the board’s capability and performance are lost or delayed unnecessarily

To the extent that a new board member is left to ‘sink or swim’ and, as a consequence is not able to fully contribute to the board’s deliberations, the board is ‘under-powered’ and under-performing. It also means that the energy and ideas of a new board member do not have the beneficial impact they should. The board loses a vital and valuable opportunity to benefit from the new members’ fresh

perspectives. The time before they learn the culture and social norms of the board and come to accept the same assumptions about the way the organisation operates, is a classic 'window of opportunity'.

An inefficient use of board meeting time answering new members' 'familiarisation' queries

Even for experienced directors, entry to a new organisation throws up a bewildering list of new concepts and language. The need to come to terms with its organisational structure, strategies and people also demands a very steep learning curve. While most boards are relatively patient with new members, the use of valuable board meeting time to address the inevitable gaps in a new member's knowledge about the organisation is ultimately not only time consuming and wasteful, but avoidable.

Desirable Characteristics of Induction Processes

An effective induction process has a number of characteristics¹ which include:

- The formal introduction of newly appointed directors to their position by the Chair and, if appropriate (e.g., for a government body), the appointing authority.
- The clear statement of the expectations for, and the responsibilities of, new members.
- The specification of personal accountability – for example, to establish the basis for performance review.
- The deliberate, systematic, and rapid familiarisation of new members with the organisation and the operations of the board (including the provision of appropriate supporting documentation and the assignment of another director to act as guide or mentor).
- A briefing by the chief executive, including an operational familiarisation and an introduction to other key staff.
- The adoption of processes that acknowledge the whole board is in a new space and must consider how best to interact with, and use, the talent of new board members.

This should include a formal welcome to the board that is appropriate to the culture of the new member.

Carried out well a good induction process ensures that:

- New members are assisted to make an effective contribution almost immediately by having the board recognise the value of a new member's skills, knowledge, and experience and how this brings difference and enhances the board's cognitive diversity
- The collective capability and dynamics of the newly reconstituted boardroom team is explicitly addressed, and appropriate adjustments made (e.g., by reviewing and possibly reallocating committee memberships); and
- The board, as a whole, is stimulated to review its assumptions and positions on key issues and processes. An important aspect of this is the granting of an explicit mandate to new members to apply 'intelligent naivety' to question the status quo.

At the risk of repetition, this latter point should not be underestimated. Through the fresh eyes of new directors, awareness of those aspects of the board's performance that may not be up to scratch can be heightened and addressed in ways that need not be threatening to the existing members. Being forced to explain (and justify) to a new member 'the way we do things around here' can cause existing members to rethink areas of performance that have been allowed to slip, or which were never quite up to scratch.

Similarly, this process can stimulate a review of even deeply embedded assumptions about the operating environment and the board's strategic direction and policies.

These considerations strongly suggest the need for there to be a more deliberate and explicit induction process in boards of all types. Induction of new board members is often left to the chief executive, but new board members are not joining the executive team. Ensuring that the new member is 'brought on board' as quickly as possible is, ultimately, the responsibility of the Chair. As leader of the board, he or she is the person with greatest responsibility for the quality of the board's performance as a governing body.

The 'textbook' approach to board induction would include the introduction of the new members to some, if not all, of the following:

- organisational history, including its 'ownership' and recent performance and current challenges
- the board's structure and functions; the board's philosophy and vision for the organisation
- the board's culture and operating style
- the organisation's operations and facilities (with provision for visits to those facilities if possible)
- where appropriate the traditions of the organisation
- other board members and key management
- access to key board and organisational information including, for example.
 - board charter or equivalent (assuming this contains content on board operations including performance evaluation procedures, code of conduct, committee structures, rules governing conflicts of interest etc., and board policies relating to its relationship and linkage with the chief executive)
 - recent board meeting packs and the organisation's latest annual report
 - strategic plan or equivalent
 - organisation chart and contact details for key positions
 - board administration procedures; programmes; information and contact details for other directors; meeting arrangements and schedules, administration of fees, expenses, etc.
 - key legal documents including relevant statutes, constitution, or rules
 - aspects relating to the management of directors' risk
 - financial structure and recent financial reports

New directors can easily be overwhelmed by an intense, 'one-off' process, particularly if this relies on a kind of 'data dump' of applicable documents as is common in so many organisations. A better approach is to think of the induction process as occurring over an extended period (even 6-12 months). This allows new information to be absorbed and further inquiries made as new directors become more aware of what they need to know.

Conclusions

Boards generally suffer from inadequately conceived and poorly implemented induction processes. An effective induction process addresses, directly or indirectly, a number of problems that may only surface many months after a new director has joined a board. The purpose of an induction process is to ensure that the new director is in a position to maximise his or her contribution to the governance of the organisation from the earliest possible date. It is also to ensure that a board maximises the benefit from having new members. A well designed and explicit induction process should also be a signal to the board that things are not as they were. A new team is in place and the board as a whole now has to reconsider and reset its thinking and approach.

ⁱ These should not be assumed to replace the kind of due diligence a new board member should have undertaken before standing for election or before accepting appointment.

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