



BoardWorks

Selecting a Dream (Boardroom) Team

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Originally published in Board Works Issue 17, 2016

In my part of the world, there is a growing number of people interested in taking up governance roles. This means, happily, that an increasing challenge is selecting from among a wide range of potential candidates. Rather than just accepting anyone who shows an interest, how should we think about and compare the relative merits of different candidates?

Here is a three-dimensional conceptual framework for thinking about board member selection. This framework has proved useful in basic board formation in a newly created organisation and for ongoing succession planning in established ones. It is also helpful in the subsequent evaluation of board and director effectiveness. The three dimensions are:

- knowledge, skills, and experience
- individual attributes
- representational factors

Knowledge, Skills and Experience

The initial challenge is to determine what relevant knowledge, skills and experience the board needs. Essentially these are the factors that, being relatively visible, can be described on candidates' curricula vitae: formal professional or vocational qualifications and how and in what ways those have developed as a result of work (and non-work) experience.

As a starting point, it is preferable that all candidates will have some degree of governance experience and a basic understanding of board work. That is not realistic in all circumstances, and everyone who became a valuable board member had to start somewhere. What other experience might they have had that would justify selection and indicate potential effectiveness in a governance role?

The degree of subject matter expertise a candidate might be able to contribute is one of those and is just as relevant to selecting those who already have considerable boardroom experience. Subject matter expertise is particularly relevant to how well board members are likely to understand the organisation's operating environment and how it goes about its business. For example, it is important for a board to include people who can understand:

- an organisation's culture and what motivates the behaviour of those within it
- the economic drivers of its performance
- where its best growth opportunities lie; and
- the risks that it faces.

The degree to which particular sets of knowledge, skills and experience might be required will depend on the business of the organisation, the challenges facing it and its specific current and prospective circumstances.

Individually, all board members should be capable of making a substantive contribution to the unfolding of the organisation's plans and performance. For that reason, the starting point for board member selection should be an organisation's strategic plan. Ideally, this plan will contain a sense of vision and purpose that demonstrates how an organisation seeks to be distinctive and distinguished in its operating context. It will be clear about the primary outcomes the organisation must deliver to justify its very existence. In a broad sense, the strategic plan should, therefore, be clear about what success looks like. When a strategic plan has this degree of clarity, the knowledge, skills and experience required around the board table are likely to be reasonably obvious.

For example, when we recently assisted a university council to consider what its boardroom 'dream team' might look like, its recently reviewed strategic plan was clear. The underlying challenge was the need for the university to respond to a competitive global market in tertiary education. In that context, it needed to be successful in certain key areas.

- Delivering, and having recognised, excellent performance as a university – in both teaching and research.
- Understanding and positioning the university about competing institutions and the changing face of tertiary education delivery both domestically and internationally.
- Attracting and retaining students at all stages in their academic journey – including those from outside the region and outside the country.
- Ensuring the university makes the best possible use of the resources it has and acquires additional resources to invest in the people and facilities that will enable it to achieve distinction in its chosen market position.

These suggested the council should seek a wide range of knowledge, skills, and experience – not just those gained in a university setting – for the positions available.

Individual Attributes

A second important selection factor is the set of attributes that relates to a person's ability to contribute and collaborate in a group decision-making context. Effective board members have a positive and instrumental impact on board thinking and the development of its collective consciousness. Without personal attributes that assist an individual's knowledge, skills and experience to be taken up by the board, he or she is unlikely to add value as a member of the board. Individual attributes we have found to be important in a governance context include the following.

- Independence – will members be free to think for themselves without having to weigh up (and trade-off) competing loyalties and conflicts of interest?
- Intelligence – will they have the ability to understand and be critically analytical about the issues and the evidence? Will they be able to think conceptually, systemically and strategically and to bring together diverse, often conflicting considerations and 'join the dots'?
- Communication – will they be able to articulate their thinking and say what they mean in a manner that can be readily understood? Do they have verbal fluency?
- Decisiveness – will they be willing and able to make up their minds and contribute in a timely fashion to the board's decisions?
- Personal credibility and influence – when they speak will their colleagues sit up and take notice of what they have to say?
- Emotional intelligence – will they be self-aware and able to acknowledge and manage their egos? Will they respect and be able to understand the needs and feelings of others and work well in a collaborative group setting?
- Personal confidence – will they have the ability - and courage - to raise difficult issues in a manner that assists colleagues and management to take note and be willing to act?

- Ability to challenge – will they be a source of open and constructive dissent as part of the divergent thinking the board must engage in ahead of decision making? Will they be able to disagree without being disagreeable?
- Good judgment – will their colleagues have confidence in their judgment? Will they be acknowledged for their acumen?
- Open-mindedness – will they be open and responsive to ideas brought by others? Are they likely to be genuinely curious about what others have to say?
- Outcome-oriented – will they be predisposed to seeing that desired results are articulated and achieved, or will they be more interested in process than impact, and in ‘form’ ahead of substance?
- Moral compass – will they bring ‘character’, integrity and trustworthiness to the board and the organisation?
- Motivation – do they want to join the board for the right reasons? Will they bring positive energy and be active in their engagement? Will they have sufficient time available to make the contribution the board needs of them?

Representational Factors

The third element in board composition concerns the extent to which representational factors are also important.

It may be the sole basis for the membership of some governing boards. We prefer to apply this consideration to those situations where there is a perceived need to contain within the governing body some members able to claim affiliation with (and obligation to) particular stakeholder groups.

- Geographical variables (e.g., nationality, location of residence, etc.) may also be important in this context.
- Certain demographic characteristics (e.g., gender, ethnicity, age, sexual identity, etc.) can also be considered significant ‘representational’ considerations. However, as demographic variables are correlated directly to diverse knowledge, perspectives, and experience, we recommend that these be properly valued and applied as part of the ‘knowledge, skills and experience’ categorisation.

Increasingly, diversity of this kind is considered fundamental to the contest of ideas that is essential to effective group decision-making.

Conclusion

There is a level of knowledge, skills and experience and a set of essential personal attributes required of each board member. Collectively, a board needs a diversity of knowledge, skills, and experience to handle not only business as usual but, perhaps even more importantly, the unique situations and special issues that will inevitably arise. It is in those circumstances that the collective experience, judgment, and wisdom of a governing board comes into its own. Like selecting a top performing sports team forming a board is a complicated juggling of different considerations. However, it is one that has great significance for organisational success.