

PRACTICAL COMPANY SECRETARIAL WORKSHOPS FOR OPTIMUM PRODUCTIVITY

Effective Board Meetings & Board Dynamics

Mrs. Biola Laseinde, FCIS

Outline

1. High-impact Meetings
2. Building ecosystems for information flow
3. Communication Tools
4. Clarity of Substance in Communication
5. Decision-making
6. Avoiding Crisis Moments
7. Meeting Review

High-impact Meetings “HiM”

- Meetings offer a forum for ideas to develop cumulatively;
- Board meetings help a company to work out a business strategy and execute it successfully.
- At meetings, directors stimulate one another’s thinking and this produces better solutions to problems.
- Management/leadership meet on a regular basis eg. once a week, whereas supervisory boards may meet three or four times a year.

HiM

- Most of the work performed by a board is done in board meetings.
- These meetings may be formal or informal, open or closed, long or short, but all the general work of governance of the organisation occurs in them
- The best board meetings leave us focused and energized: the goal of the meeting is clear; the team is motivated; and the process is smooth, and there are well-defined outcomes.



- Best practice states that the board should meet regularly. Frequency could also be stipulated by statute:
- The 2018 NCCG stipulates that *“Meetings are the principal vehicle for conducting the business of the Board and successfully fulfilling the strategic objectives of the Company”*.

Building Ecosystems for Information Flow

“Board meetings ought to enhance the success of a business and for thousands of companies they do. Yet for many these meetings are viewed as irrelevant, which is bizarre when you consider the amount of effort, cost and stress involved”

- Patrick Dunne

Running Board Meetings (2006)



Building Ecosystems cont'd

- Information is the lifeblood of a board
- Timely, accurate and relevant information is the cornerstone of good decision-making.
- A board can never be effective if its members are not supplied with the right information.
- The NCCG requires that the board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.



Building Ecosystems cont'd

- Board members should seek out current, complete and accurate information about the companies on whose boards they serve
- The Corporate Secretary plays a key role in communicating board decisions to management, and monitoring the implementation of these decisions
- S/he is responsible for relaying the issues that management deals with when executing the board's directives.
- Corporate Secretaries now have a much more dominant role as the "Governance Captains" or CGOs of their companies

Communication Tools

- The CS should deploy relevant tools for effective information flow eg. board portals, board calendar;
- A board portal is a web-based workspace that allows directors to securely access board documents and collaborate with other board members electronically.
- Board portals can allow companies to provide directors with sensitive information in a secured and timely fashion



Communication Tools

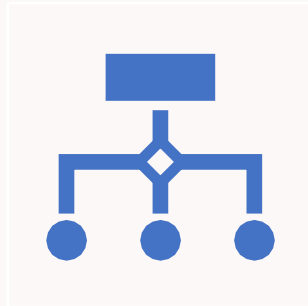
- Other user-friendly tools should be considered for adoption
- The CS should maintain an annual board calendar to enable the Board and those preparing information for the Board be informed on when items will be considered by the board.
- The calendar allows the board to add additional items and reallocate items to different meetings as circumstances change.
- If your meeting will be virtual - everyone should test out the technology in advance of the meeting.

Clarity of substance in communications

- The CS should ensure board reports are presented in a user-friendly and non-technical way to allow board members to ask what lies underneath and see the answers there and then
- The first questions management (including the corporate secretary) should ask when something bad – or good – happens are, *“do we need to tell the board, when do we tell them, and what do we tell them?”*



Clarity of substance cont'd



The CS should make sure that the information provided to the board is reasonable in amount and can be read and digested prior to the meeting.



A litmus test: Consider how furnishing or not furnishing information may play out when a matter considered by the board is litigated.

Key Questions for NEDs

1. How do you ensure that as a non-executive director you have all the information you need, presented in an appropriate manner to enable you to carry out your role?
2. Does the board decide on the information it needs from management to make informed long-term decisions for the company?
3. How have you influenced the content/length/structure of board papers over the past few years? What could be done to improve them further?
4. How do you demonstrate the quality of board information and decision-making to shareholders?
5. What information sources (outside of board papers) do you have access to and make use of to obtain a holistic view of the market and the industry? Does the company furnish you with these resources?

Decision Making

- ✓ Delegation
- ✓ Voting
- ✓ Consensus
- The decision making process depends on the working relationships present within the Board.
- Boards that operate with mutual trust and respect may work more easily towards reaching a consensus
- Boards with more formal relations may prefer voting on decisions

Decision Making



- It is important to preserve the role of the CEO as the primary connection between the Board and Management
- And the Board Secretary as the facilitator of this process

Avoiding /Managing Crisis Moment



- **Board/Management:** Tensions and stress can arise because the board and management may have differing views on issues.
- A skilled corporate secretary can mitigate some of the stress and frustration by keeping informal channels of communication open and encouraging realistic and constructive exchanges between the board and management.

Avoiding/Managing Crisis...

- **Board/Board:** A Board should consider the following guidelines to avoid crisis moments:
 - ✓ Adopt firm procedures for decision-making e.g. voting to resolve impasses
 - ✓ Introduce time limits during debates e.g. 10 minutes per speaker
 - ✓ Establish ground rules such as not interrupting others, refraining from personal attacks or judgemental remarks
 - ✓ Creating opportunities for Directors to interact informally. Becoming personally acquainted may ameliorate relationships during meetings
 - ✓ Chair & CEO to proactively identify and manage ‘trouble makers’ before, during and after the meeting

Avoiding Crisis

- In an emotionally charged atmosphere, the CS should adopt smart skills or strategies to temper any instances of emotional hijacking and help board members maintain productive long-term relationships.
- Emotional Intelligence: Daniel Coleman has identified four areas of emotional and social intelligence: self-awareness, self-management, social awareness and relationship management.
- Help the board to avoid a “groupthink”



Videos

<https://www.youtube.com/watch?v=bwt3MLbfIN0>

<https://www.youtube.com/watch?v=M6DBIV8XwG0>

- The Board should periodically evaluate the quality of its meetings to discover areas of improvement
- Frequent informal evaluations, e.g. at the end of each meeting, may ultimately have a greater impact on behaviour change than infrequent formal ones.



Summary

- Meetings are critical to the effectiveness of the Board and Management. They must be carefully planned to maximise the time that Directors have together.
- The Corporate Secretary, as the Governance Professional, is the Board Communicator.
- S/he should adopt simple communication tools including Board Portals, Annual Board Calendar etc
- The Board should be regularly availed with timely, concise, relevant and objective information.

- Information should be provided before the meeting so that discussion can focus on decision-making and action steps instead of information sharing.
- The Corporate Secretary must strive for clarity of substance in all communication and information to the Board.
- Directors must actively participate to make a meeting a success. The Chair is responsible for facilitating the proceedings and ensuring that the meeting objectives are met.
- Board to proactively adopt guidelines for managing crisis and tensions for Board/Management and Board/Board.

- Successful companies use board meetings to create and improve key business strategies.
- An effective board meeting will flow logically, keep your directors engaged, and draw on their experience and knowledge to facilitate informed decisions that are in the best interests of the organisation.

*Thank
you*