CREATING A WINNING BOARD

By Colin Coulson-Thomas

How effective is the board of your company or other organisation? The competence of directors and the effectiveness of boards cannot be assumed. Many corporate boards – as was the case with Marconi – destroy rather than create value. Billions are devoted to fashionable activities and acquisitions that reduce shareholder returns.

Why are some directors so much more effective than others who undertake similar tasks in equivalent circumstances? What do the high performers do differently?

The Winning Companies: Winning People research programme examines how people operate in areas such as building relationships, competitive bidding, pricing and purchasing, corporate learning, and creating and exploiting know-how.

Some 2000 companies and 500 professional firms have contributed to recent studies to identify critical success factors for key business development activities. The findings are remarkably consistent across sectors, professions and different sizes of organisation.

Areas examined range from visioning and providing strategic direction to communicating and managing performance. Because most critical success factors are behavioural, investigating teams can distinguish the approaches of high performing winners from the practices of low achieving losers. The results are summarised in '*Winning Companies: Winning People*' (Policy Publications, 2007).

Winning ways

The findings are encouraging. Every participating firm could increase directorial achievements and corporate performance by putting additional critical success factors in place and adopting more winning ways. Yet many directors ignore opportunities, fail to exploit corporate know-how and acquire where they should grow by building mutually beneficial relationships with customers, employees and other stakeholders.

The research suggests many boards do not pursue organic growth strategies because they are unaware of how to quickly scale up their existing operations. For example, few directors understand how support tools can help average performers to adopt the approaches of superstars. Most do not know that critical success factors and winning ways have been identified in key areas.

Many directors have also lowered their ambitions. Because past management fads have not delivered, many boards appear to operate behind prison bars they themselves have created in their own imaginations. They seem preoccupied with ensuring compliance, not boosting performance. No wonder most entrepreneurs in one project within the programme viewed boards as costs rather than contributors.

Heart and soul

Corporate performance reflects what boards actually do and how their members behave. Successful or winning boards are distinguished by the conduct of their members. Corporate governance arrangements often appear to be a symptom rather than a cause of board effectiveness.

The board should be the heart and soul of a company, the source of its ambition and drive. Whether or not a company competes and wins, sustains success and remains relevant usually depends upon its board. Without a sense of purpose, a sound strategy and the will to achieve, even well endowed corporations wither and die.

Successful directors display the will to win. They are committed and driven to succeed. Their actions also demonstrate they care about their people and customers. They are alert to developments in the business environment and sensitive to marketplace trends. They anticipate events and confront realities.

Directors of winning boards don't look for excuses or blame others. They assume personal responsibility and collective accountability for their actions. They appreciate the distinction between direction and management and understand their directorial duties. They confront dilemmas, balance interests and take a longer-term view.

Providing direction

Successful directors focus on what is important. They do the right things in winning ways. They concentrate upon the external, strategic and business development aspects of corporate governance. They strive to benefit shareholders by delivering additional value to customers. They provide strategic direction and communicate a distinctive vision, a compelling purpose, achievable goals and clear objectives.

Winners build critical success factors into key processes. They develop additional income streams, new capabilities and fresh intellectual capital. They invest in director development and the professional selection, appointment and induction of new directors. Their chairmen consciously build effective boards of competent directors.

In comparison, 'losers' lack will, drive and heart. They mouth generalisations and are easily distracted by pleasantries and trivia. They avoid responsibility and blame others for disappointing results. Their perspective is essentially defensive and short-term.

Less successful directors are often preoccupied with their own status and remuneration. They confuse the roles of director, manager and shareholder. They concentrate upon internal, policing and stewardship aspects of corporate governance, and engage in spin and damage limitation exercises to protect their reputations.

'Losers' confuse operational and strategic issues, and muddy personal and corporate interests. Many charming individuals who effortlessly assemble portfolios of independent directorships instinctively know when to look the other way and can be relied upon not to rock the boat. Insecure chief executives seek out their services.

Unsuccessful directors fail to engage, excite or motivate people. They respond to developments rather than influence events. They focus increasingly – sometimes almost exclusively – upon financial measures of performance and the control of costs. They make little effort to review and improve their own effectiveness.

A proactive approach

Winners and losers also distinguish themselves in their respective approaches to managing change, leading transformation and creating future opportunities. Winning boards inspire and energise. They avoid rhetoric, blather and hype and address specific issues. They are determined, pragmatic and positive. They strive for success rather than survival. Instead of rationalising disappointment they learn from it.

Winners are also proactive. They approach those they would like to do business with. They set out to become business partners rather than commodity suppliers. They are also selective. They focus upon areas that make a difference. They understand that change can disrupt valued relationships, and only change what needs to be changed.

Confident directors support and enable the achievements of others. They trust reliable people and take calculated risks. They delegate responsibly and encourage entrepreneurship. In comparison, losers are self-interested and fear the unknown. They play it safe and avoid commitments. They mouth platitudes, spread themselves thinly, and bark up the wrong trees. They react and adopt 'me too' approaches. They also duck issues, fall for fads, embrace panaceas and search for single solutions.

Winners think for themselves and reflect before they act. They 'read the road ahead' and assemble what they need to succeed. They adopt simple solutions and differentiate their companies' approaches, products and services. They shape the future by creating bespoke offerings, additional choices and new markets.

Lastly, successful boards are self-aware. They monitor their own performance. They are open, welcome questions and invite feedback. They critique themselves and encourage challenge. They choose pragmatic colleagues and competent advisers.

Urgent action is needed to improve the competence of directors and the effectiveness of boards. Identified success factors must be put in place and winning behaviours introduced where required. Nomination and selection committees should look beyond current holders of directorships with their long experience of losing ways, and identify people who know how to win.

About the Author

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Further information
Winning Companies; Winning People, making it easy for average performers to adopt winning behaviours by Colin Coulson-Thomas can be ordered on-line from *www.coulson-thomaspublications.com*.