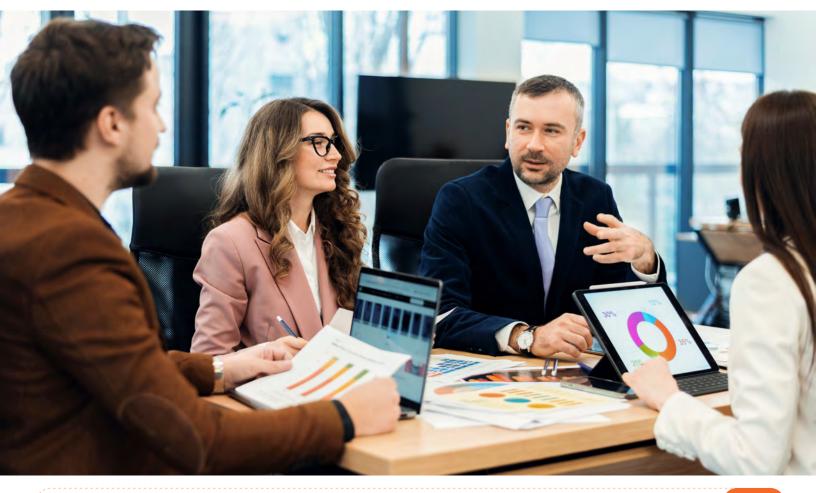
LET'S STOP CALLING THEM "BOARD EVALUATIONS"



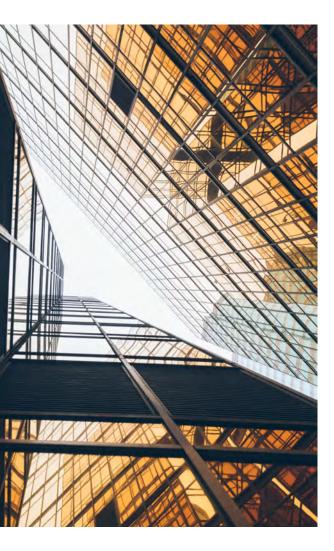
Board evaluations are not evaluations at all, or at least they shouldn't feel like one.

In their current construct, most board evaluations fall short of capturing the true essence of understanding board performance and unlocking opportunities for improvement. Board evaluations, like any evaluation, are often met with feelings of discomfort and apprehension. Nobody wants to be evaluated, assessed, or judged. Much less does "evaluation" create a setting where candor and problem solving can thrive. By reevaluating the terminology and shifting the focus of board evaluations, Boards can increase transparency, improve feedback, create a learning mindset, and ultimately improve the odds of the Board offering increased value and being a strategic asset.

Effective Board evaluations should extend beyond mere assessments. Done well, they should be an experience that a) serves as a robust analysis of the board's ability to add value and b) generates a dialogue to drive positive change within the boardroom and the organization. To be successful, a Board evaluation should be done in service of learning, improving, and developing as Board, and not as a compliance or disclosure requirement. There are four key shifts that can transform a board evaluation into a *board developmental experience*: embracing an outcome orientation, harnessing the power of the collective, checking in on alignment and focus, and elevating dialogue and reflection.



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Embrace an Outcome-Orientation

Board evaluations have long relied on checklists, assessing inputs such as director independence, board composition, and policy adherence. However, a board is better served through understanding the outcomes that it can or should generate - the Board's ability to contribute to the organization's success. Each organizational strategy is different, and therefore, each Board's contribution will look different. Template board evaluations with standard questions that are static year-over-year will not yield the insights and tailored solutions for the Board to uniquely understand its contribution. While there are limited means of attributing the value-add of the Board, one of the best proxies is to ask the organization's Management team. Courageous boards are inquiring with management to understand how they are contributing to the organization and a mature management team can guickly discern if the Board is adding to or distracting from business outcomes. An outcome-oriented approach encourages a board to go back to the purpose of why it exists, clarify the unique value that it can add, and then to hone in on the tailored activities and inputs that will enable it to be a stronger value generating asset.

Harness the Power of the Collective

Much like successful sports teams, high-performing boards thrive on collaboration, leveraging diverse skills, and establishing clear communication norms. By fostering an environment where members complement one another, boards can unlock a greater collective potential. Peer evaluations are increasingly common practice, and they can be incredibly useful to help Directors strengthen their individual contributions. However, individual skills and contributions are only a part of the team's equation.

More important is to tap into how directors blend their knowledge, capabilities, and experience into a high-performance team. Doing so requires trust, leadership, civility, communication, and psychological safety. There are several levers that can promote these conditions that range from the set up of a boardroom through to how meetings are chaired. Like a coach, a chair's ability to create conditions and target the focus of the team cannot be underestimated. Emulating the characteristics of high-performing teams enables boards to navigate challenges, seize opportunities, and cultivate a culture of performance that persists over time – ultimately making its contribution greater than the sum of its parts.



Check in on Alignment and Focus

A Board development experience is an intentional checkpoint into alignment: alignment between purpose, strategic outcomes, roles, ownership, structure, and processes. Traditional board evaluations often fail to go back to strategy and the purpose of a board; they tend to focus specifically on how a board operates. Evaluations often examine materials, behaviours, composition, and norms, and assess whether they are working appropriately – which leaves problem solving to a matter of opinion. However, with a clear understanding of how all elements of the Board balance in harmony, the Board can structurally address an issue of effectiveness, and go beyond merely a shift in Director behaviour or processes.

For example, a publicly traded company Board will have a multitude of processes and responsibilities to which it is accountable by virtue of the organization's ownership structure; meanwhile, a private equity owned business might aspire to certain aspects of reporting like a listed company, however, has no need to be burdened by other processes. Likewise, the Board of an organization with a divestiture objective in the near term would prioritize time and focus differently than the Board of a family-owned enterprise with a multi-generational aspiration. Because there is no one-size-fits-all Board mandate, the Board development experience is an opportunity to check in on the focus areas, conditions, and enablers of a Board to maximize its purpose. Once a Board has a clear and unified perspective on what will enable the Board to deliver on its purpose, it can then begin to identify the initiatives and efforts that will cause meaningful shifts.

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Elevate Dialogue and Reflection

For a board development experience to have value, it needs to foster commitment to change. Meaningful conversations serve as the cornerstone of board development experiences. By creating a space for open and constructive dialogue, a board can delve into its strengths, weaknesses, and opportunities. While is it generally in the purview of the Governance Committee to ensure that board effectiveness initiatives are undertaken, it is within the purview of the entire Board to align on and commit to the outcomes associated with it. Commitment to change will require that the insights and areas for improvement are agreed to by all directors and warranted that the entire Board is engaged in genuine reflection. Board evaluations are considerable investments of precious board time. When effectively debriefed and actioned, they can have a multiplier effect on everything else the board does.



To unleash the true potential of board effectiveness initiatives, we must question long-held assumptions and challenge the status quo. While independence, composition, and materials are foundational inputs of Board effectiveness, they are no longer the difference makers in modern day governance. There is a better way to achieving improved board effectiveness and there is opportunity to maximize the investment of time that Boards invest in their Board effectiveness initiatives. Regardless of what you call it, by connecting to outcomes, harnessing the power of the collective, aligning on purpose, and creating dialogue about improvement objectives, the Board will better its odds of making good choices.

About Hugessen's Board Effectiveness Advisory Services

Hugessen's Board Effectiveness practice is on a mission to help boards make better choices for future generations. We are experienced at guiding boards as they conduct their Board Evaluations, ensuring that all voices are heard, and the evaluation process leads to actionable results.



Ciara Wakita Principal, Hugessen Consulting Inc cwakita@hugessen.com



Dr. Peter Stephenson

Partner, Hugessen Consulting Inc pstephenson@hugessen.com

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