Dealing to Board Meeting Time Wasters

During a recent series of workshops on how to conduct effective board meetings we asked participants about the length of time their boards typically devote to face-to-face board meetings. Not surprisingly, there was great variability between the boards represented. One thing many participants commented on, however, was their realisation that the total amount of board 'face time', taken over a full year, seemed very small compared to the importance of their board's responsibilities. This conclusion was even more applicable to boards that rely to a significant extent on teleconference type meetings. Many participants concluded the time effectively available to their board was unlikely to be sufficient for the board to provide effective governance direction to, and control of, their organisations.

Adding to this was the insight participants gained by undertaking an exercise designed to identify how much of the total time is spent productively during a typical board meeting. The data from the exercise suggested that around 50% of those boards' typical board meeting time was wasted. We have seen a similar conclusion reached by many different boards on other occasions.[1]

Periodically, therefore, your board should ask itself this question: "Do we consistently make the best use of our meeting time (and, if not, what steps should we take to be more efficient and effective?)." Here are eight suggestions to get you thinking. Many of these topics have been explored in greater depth in previous issues of *Good Governance*.[2]

1. Longer term meeting planning. We can't stress enough the value of preparing an 'annual agenda' or board work plan.[3] The process of preparing an annual agenda requires the board, collectively, to think through both the tasks they must undertake (many of which are compliance related) and the significant strategic and policy-related issues on which they must give leadership over the next 6 to 12 months. Inevitably some form of prioritisation is required once it is considered how much time is practically available to devote to these topics. The discipline of this process also assists the board to gain ownership of its own meeting agenda programme (as opposed to simply reacting to management prompted agendas). This longer-term meeting planning process is particularly useful in helping a board to get to grips with the differences between matters which are 'important' and those which are 'urgent'. The essence of effective boardroom leadership lies in dealing with that which is truly *important*. Too many boards have a tendency to devote the greater part of their meeting time to matters which are merely *urgent*. Good planning helps get other types of clutter off the board's agenda as well.[4]

2. Invert your board meeting agenda. Boards that stick to traditional agenda structures that feature extensive consideration of committee, operational and financial reports in the early part of board meetings, invariably find that they run into the 'five o'clock rush' problem. Tiredness inevitably sets

in, and some board members probably leave early (mentally if not physically), before the future-focused discussions which are the essence of governance leadership are completed. Because boards can only influence that which has not yet happened, board meetings should be structured around strategic thinking and decision-making. Monitoring of organisational health is also important but, unless there are significant departures from plans, monitoring reports can mostly be taken as read.[5]

3. Limbering up. Provide an explicit transition time between board members' previous commitments and the board meeting commencing. When board members rush into board meetings straight from some previous engagement it takes time for them to get refocused. As a consequence, some board meetings take quite a long time to 'get into gear'. Board meetings can also be diverted by irrelevant social 'chit chat'. That is not to say that this social interaction is not important. Boards are social organisms so it is also important for board members, individually, to re-engage with each other as people. Recognising both these factors and providing some transition time, perhaps associated with a meal, is a device many boards use to great effect to provide a form of 'warm-up' similar to that of athletes preparing for a race. This transition time allows board members both to reconnect with each other socially, as well as helping them to get focused on the purpose of the board meeting.[6]

4. Reduce or eliminate report recitations. As part of a board review process we once observed the board meeting of a large company during which both the chief executive and chief financial officer stood and read their reports to the assembled directors. These were reports that had been pre-circulated and presumably already read by directors. When we questioned the reasons for the practice the classic response was, "because we have always done it." The reality is many boards spend far too much time passively listening to staff presentations of pre-circulated reports. Frequently, this problem is compounded when the content of these reports is centred on internal operations and management-specific responsibilities. To the extent that the board should consider such reports at all, these reports should be taken as read and board meeting time limited to questions or comments.

5. Reduce or eliminate staff presentations. Staff presentations have their place provided they relate broadly to the type of education which assists the board to do its job better. Unfortunately, staff presentations are often little more than a distraction. For example, another board review process took us inside the boardroom of a professional sports franchise. We happened to be in attendance at a meeting when, as part of a regular series of presentations by staff about their work, a presentation was being made by the organisation's video analyst. Directors became so engrossed in the fine detail of the sporting skills revealed in the illustrational video clips that the presentation consumed the greater part of the scheduled meeting time. A serious shortfall in sponsorship fundraising was barely acknowledged. The moral of this example is that the value of staff (and, for that matter, external party) presentations *at board meetings* should be assessed in terms of what they add to the depth and breadth of the board's understanding of matters central to its own responsibilities and decision-making. That is not to say that the type of staff presentations referred to in our sporting franchise example might not have value in terms of the board's broader sense of connection to the organisation. To the extent that directors might be interested in such information it should be offered separately and not as part of a regular board meeting.[7]

6. Agree policy criteria and key performance indicators. A common complaint expressed by directors during board effectiveness reviews is that they receive too much information from management. Often this is little more than raw, unprocessed data. Management should not be criticised for this. If they don't know what the board wants they will usually tend to 'throw everything but the kitchen sink' at the board. A board of which one of the BoardWorks principals was a member

saw the typical monthly monitoring report reduced from 60 plus pages to little more than one page. All it took was for that board to agree on the key performance indicators it needed to monitor to provide effective oversight of the business. For your board to do this it may need to start by getting its policies really clear and, in the process, agreeing policy evaluation criteria and the risk management processes (e.g. internal controls) needed to manage various types of risk. If a board is monitoring performance in relation to criteria it has already set, it will spend less time aimlessly wallowing in data. Reducing the amount of 'bumpf' confronting directors in preparation for a board meeting has the added benefit of making meeting preparation less onerous and daunting. It will also be of considerable assistance to management. By knowing what information the board expects to receive the preparation of board papers is made far easier.

7. Review delegations. For many boards a great deal of agenda content relates to management seeking approval or at least endorsement of proposals. Many boards spend too much time approving straightforward, low risk actions that could and should be taken by management without reference to the board. In some cases this may be a fundamental question of trust. If that is the case the board should be asking itself whether it has the right chief executive. Insufficient delegation is just as likely to occur when the board has not developed clear policy criteria that would provide an effective framework for delegated management action. Boards should ask themselves whether they burn up too much valuable time making low-level decisions when that time that would have been better spent shaping good policy to facilitate more extensive delegation.

8. Get the right people on the board. Board members themselves can be major culprits when it comes to time wasting. Sometimes it is a simple lack of discipline. Consistent with Parkinson's Law of Triviality ('a board will spend its time on matters inversely related to their importance!') boards are easily distracted. However, this is often compounded if boards have gone out of their way to recruit experts either in the industry/sector in which the organisation operates or in the functions carried out by the organisation. This can be advantageous or not depending on the roles that board members choose (or are encouraged) to play. For example, it is likely to be a time wasting nightmare if the person brought onto the board for his or her financial expertise assumes that they are on the board to 'help' (or, even worse, 'second guess') the finance department. It becomes a particular responsibility of the board chair to make sure that individuals do not misapply their expertise in this way.

A board's face-to-face meeting time is arguably its greatest resource. Given growing demands on governing boards and their individual members, it is simply not an option to spend more time than is absolutely necessary on board work, nor to waste approximately 50% of the time that is spent in the boardroom. If time wasters are not tackled head on, the time available to deal with those matters that belong uniquely to the board shrinks significantly and organisational as well as board performance inevitably suffers.

1 Tools For Improved Governance – Making Better Use of the Board's Time. <u>Good Governance</u> #17 (September-October 2000)
2 Don't forget that we can help you access back issues should you wish to pursue some of these time wasters in greater depth.
3 Developing an Annual Agenda. <u>Good Governance</u> #11 (September October 1999)
4 Get That Clutter off the Board's Agenda. <u>Good Governance</u> #18 (November-December 2000)
5 For Better Board Meetings 'Turn Your Agenda Upside Down'! <u>Good Governance</u> #47 (September-October 2005)
6 'Limbering Up'-Preparing for an Effective Board Meeting. <u>Good Governance</u> #24 (November-December 2001)
7 Boardroom Presentations. <u>Good Governance</u> #46 (July-August 2005)