Elements of High Performance Governance
Les Wallace, Ph.D.
President, Signature Resources Inc.

Presented by Spencer Stuart
and WomenCorporateDirectors Foundation

2016 Global Board
of Directors Survey
Conducted by
Dr. Boris Groysberg,
Richard P. Chapman Professor of Business Administration,
Harvard Business School;
Yo-Jud Cheng,
doctoral candidate at Harvard Business School;
and researcher Deborah Bell

© Signature Resources Inc. 2017

Board Makeup
One of the top five governance issues of 2017
- Profile needed board competency mix for business environment five years out—board as strategic asset.
- Governance/executive committee coordinates search for and screening of candidates.
- Business Competency based appointments vs. activists.
- Active succession plan: term limits.
- Officer development investment.
- Should your next board member be a Geek?

© Signature Resources Inc. 2017

Board As Strategic Asset
Board Survey’s Tell Us...
- “Not enough time discussing strategy.”
- “Too much time looking into the rear view mirror.”
- “Lack a strategic orientation.”
- Shallow metrics tracking strategy progress.


© Signature Resources Inc. 2017

Full Organizational Dashboard Tracking
- Financial performance.
- Risk (payers, compliance standards, org. ERM areas).
- Client/customer experience.
- Value based system—care team continuum performance.
- Organizational Culture and Engagement.
- Innovation.
- Community citizenship (sustainability).

*“Culture eats strategy for breakfast!”* Peter Drucker

Oversight and Risk
- “Quality” committees (or audit committees) expand to an “ERM”—enterprise risk management view of the organization.
- ERM committees are standard in high performance boards and generally track/monitor the top ten risks to an enterprise from cyber security to personnel retention.
- Starting out, the journey to ERM is approximately an 18 month learning journey for the board and executive team.

© Signature Resources Inc. 2017

Future Governing Boards
“In the not too distant future, new board members, at all levels of enterprise—from community organization to corporations—will be required to ‘certify governance competency’ to qualify for an appointment.”

© Signature Resources Inc. 2017

Future Proofing Your Organization with a Strategic Rhythm
- *Future proofing* is the process of anticipating the future and developing methods of minimizing the effects of shocks and stresses and taking advantage of future events.
- Not a once a year event.

© Signature Resources Inc. 2017
Enterprise Risk Management
- Cyber security / fraud.
- Strategy risks: too fast, too slow.
- Board profile for future business environment.
- Talent risks: innovation / lack of.
- Mergers / acquisitions.
- Aggressive competition.
- Client demographics.
- Compliance.
- Reimbursement shifts.
- CEO compensation.

Agenda Setting
- Chair, Executive Committee set agenda.
- Agenda Order:
  - Convene
  - Consent Agenda
  - Financials
  - Regulatory/Quality
  - Strategy
  - Committee Update reports in Consent Agenda.
  - Committee action items in appropriate section of agenda.

Board Meetings as Dialogue
- 70% of meeting agendas become strategic dialogue.
- Agendas mirror this format:
  - Convene
  - Consent agenda
  - Finance report/tracking
  - Quality/Risk management reporting / tracking
  - Strategic.

Flipped Presentations
- No oral reports to the board—are reports submitted in advance via “executive summaries.” Board discussion of issues then begins in “dialogue mode.”
- No presentations to Board without “pre-submitted materials!” This includes consultants!
- An executive summary prior to the meeting scopes any recommendations.
- The “agenda item” therefore begins in “discussion” mode rather than background mode—thus saving precious face to face time for dialogue.

The Board’s Role in Measuring Committee Performance
- Every committee has a written charter beyond what’s in the by-laws.
- Every two to three years the board will assess its committee structure and performance.
- Committees will prepare an “annual report” of accomplishments and what they believe the priority agenda should be for the coming year.
  “A committee is a dark alley down which good ideas are led to be strangled.”

“Help Your Board Assess It’s Way to High Performance”
50% of boards do no self assessment.
25% only conduct informal discussion.
Strategy Focus / Innovation & Development
- Board Competency & Recruitment
- Governance Practices: Meetings, Committees
- Man. Co. / Board Partnership
- Performance Tracking

Partnership: What Your CEO Ask Me to Remind You!
- A professional relationship: not bowling, golfing, or skiing buddies.
- Feedback / direction / inquiry should be conducted in an executive manner, not @ the mini-bar or on the golf course.
- Rules of engagement should exist: • Commit to face-to-face meetings outside of Board meetings.
  • Have an advanced agenda for the conversation.
  • Effective communication is specific not general.
  • Good feedback is timely.

Miscellaneous Governance Trends of Interest
- Benchmarking.
- Business and strategy savvy boards.
- Officer development.
- Six not twelve meetings a year w/ off months tracked by Executive / Finance committee.

Les Wallace, Ph.D.
President, Signature Resources Inc.
Les@signatureresources.com

8/9/17