

TRANSCRIPT OF ONE QUESTION PODCAST

EPISODE:	5
TITLE:	As a Secretary to the Board, how can I help to keep the Board strategic?
DESCRIPTION:	For governance to be effective, it's important that Boards don't become overly involved in operational matters and leave that work to the executive. In this episode we provide 5 tips to the Secretary on keeping the Board strategic.

Will ([00:01](#)):

Welcome to the One Question Podcast from O'BRIEN / Governance Design, who specialise in corporate governance for the public and not-for-profit sectors. I'm Will Francis. And in each episode, I asked Trish O'Brien a different question about corporate governance. Hi, Trish, how are you doing? So, our topic for this episode is how to keep the board strategic. Why is that so important?

Trish ([00:25](#)):

In previous episodes of this podcast, we talked out the responsibilities of boards and we've suggested that they have three primary roles: providing strategic direction, corporate governance accountability, and fulfilling stakeholder responsibilities. We can see from the nature of those roles, that it's important for the board to take a high level view of the organisation and to keep out really of the operational detail.

Will ([00:50](#)):

Okay. So just explain a bit more what the issue is, why is the board getting into that operational detail?

Trish ([00:56](#)):

It might help if we think about this in terms of the role of the board and the role of the Chief Executive and their staff. And I'm going to use the term executive as a shorthand term for both the Chief Executive and staff. So there needs to be a separation of roles between the board and the executive if that relationship is going to be effective from a governance perspective, I would suggest. I think that a good board should be able to provide a strategy and a policy framework. It should be able to add strategic value to decisions. It should provide guidance and objectivity to the executive. And the difficulty is that if they are as involved in the operational detail, as the executive is, then they've really lost their objectivity and they can't actually support the executive in those ways. I think worse than that, the board can actually become a hindrance where they're slowing down progress because they want to be involved in operational decision-making. And that be really frustrating for the executive, but it actually can also create a risk for the organisation.

Will ([02:04](#)):

You're absolutely right. Those two things perform very different roles and if they don't perform their roles effectively in the way that they're mandated to, the ship doesn't sail. So, tell us more about what you think the ideal relationship between the board and the executive is?

Trish (02:24):

I think the ideal relationship requires a proper division of roles. And that could include things like ...if we take the board side of that relationship ...

- where the board is contributing to and approving strategy
- where the board is agreeing a policy framework in which the executive can make decisions
- [where the Board] agrees the corporate governance framework in which corporate and financial matters will be managed
- where the board reviews strategy.

We've talked about this before, the importance of going back and looking at things, seeing whether they're working or not. So, where the board is reviewing strategy and policy frameworks occasionally to see that they're still effective. And also, where the board is dealing with matters of strategic importance that arise over a year. And sometimes those things aren't predictable. I think if the board had that kind of role and positioned itself in that way, then that would allow the executive to do a few things.

Trish (03:26):

And I think that [executive actions] include taking actions that ...

- implement the strategy
- operate within the agreed policy framework
- report to the board to confirm progress on the implementation of strategy and on the implementation of policy informing the board, but by exception, if strategy or policy are not being implemented as intended
- contribute to a review of effectiveness of strategy and of the policy framework.

So, allowing essentially the executive to implement what they need to implement, but also, of course, keeping the board informed of progress and particularly keeping the board informed of exceptions, which are particularly important. And that to me is the type of relationship that you want to develop between a board and the organisation. Just creating enough space for both parties to fulfil their roles, to progress the organisation, and to continuously review and approve how things are operating.

Will (04:33):

Do you think trust is quite a big factor there?

Trish (04:38):

I do, and you will find this often in organisations, maybe at the earlier stage of their development, and that's sometimes where the board is nervous and is more inclined to get involved in executive decision making. That can certainly happen. Other times I've seen it happening where you have the chair of a board who either isn't confident or just has a real need to see everything. Not particularly to add any value to what they're seeing, but just this need to kind of be aware of everything that's happening within the organisation. And setting up the strategy or setting up the policy framework isn't enough for them. So, yes, I think trust can be part of it. And I think personalities can certainly be part of it as well.

Will ([05:42](#)):

Yeah. and I suppose that, you know, accepting that the division of roles you mentioned is important, but how does it happen that boards slip into the operational side of things?

Trish ([05:55](#)):

I think this is an interesting area because some of this comes back to the question you just asked about trust, which leads us into kind of human nature and how people like to work and how they like to think. You can sometimes have a board with members who are just overly interested in detail. I mentioned sometimes you can have chairs that are like that, but you can also just have members who are like that. And sometimes that happens because, you know, they're on the board because maybe they have experience of the area in which the organisation operates, but they may not actually ... they may be very comfortable with operational detail, but not particularly comfortable with strategy. And so, what tends to happen is that you'll have maybe members of the executive in presenting on something and these board members will ask them an awful lot of detailed questions.

Trish ([06:51](#)):

And if the chair doesn't kind of get on top of that and truncate that conversation somewhat, then the discussion will become all about operations and you end up just losing a grip on the agenda for the meeting and other items don't get covered. So natural interests of board members and tendency towards comfort with operational issues. That's certainly one issue. On the other side of it, I think the executive can sometimes be responsible for this where you know, sometimes you'll have a, maybe a chief executive and a senior management team, and again, maybe in an organisation that's on the newer side, you know, that is still finding its feet. And they can be concerned about decision-making and they will bring things to the board for discussion that actually really could be dealt with by the executive. And I think this can become an issue because it's reducing the board's subjectivity and it can lead to the board being almost used for cover on decisions being made and in a slightly cynical way. I think board members need to be careful of that, where they're suddenly being asked to make decisions, which really could be more appropriately made at an executive level. So, there's other reasons too, but that's just two examples of how this diversion into operational issues can happen.

Will ([08:18](#)):

Because the reason I asked about trust is because ultimately you have two separate groups of people here who it can be very easy for one to not have full trust in the other because they can't see the day to day workings of what's going on there. And they maybe don't fully understand how long things take and how much work goes in behind the scenes, you know, have you seen any great ways or tactics for fostering that trust?

Trish ([08:52](#)):

Well, trust is, trust is such a difficult one in life, as well as in boards and subcommittees and in executive engagement, and trust takes time to establish. And I think trust is based on track record and having a track record. So, trust is maybe a destination it's not necessarily where you start. And I think some of the recommendations we would have around this are about maybe trying to build towards trust. And I think how you build towards trust is really through information sharing and through knowledge sharing. You know, we've mentioned that part of the role of the board is to work with the executive on setting up the framework within which they will work. And I think that gives the opportunity for the board and the executive to work together on policy.

Trish ([09:53](#)):

So [to agree] what are the acceptable margins within which they work? What are the parameters within which decisions are being made? So, if the board and the executive can work out the basis upon which decisions are being made, then the executive really should be able to make decisions within those agreed parameters, and then report back to the board in terms of exceptions. It's the same way with strategy. If a strategy has been agreed, and if it's a good strategy that actually communicates something, then essentially the board and executive, if they've worked together on that, have agreed what it is that they're trying to achieve.

Trish ([10:48](#)):

And if that's the case, then the executive should be able to implement actions that are going to reach those objectives. But then I think we come back to this reporting issue: needing to report into the board, communicating with the board. Making sure, very importantly, that there are no surprises for the board because the minute there's a surprise, and it could be something that they read in the paper before they hear it from the executive, the minute that happens, trust is broken and you will automatically have a board that wants to get right into the detail in a way that they don't need to because they're concerned and because ultimately they have responsibility.

Will ([11:30](#)):

Yes, exactly. Now in episode 4, we talked about subcommittees and I wonder to what extent are subcommittees kind of a buffer between boards and the executive, allowing board members to leverage their expertise in a way that doesn't interfere operationally. Is that one of the reasons that subcommittees exists?

Trish ([11:56](#)):

Yeah, I think that's a very good observation. I think that is one of the reasons and you will find at subcommittee level that, you know, you'll have board members who will work with the executive in more detail on certain issues that require a board involvement. And they will certainly look at exceptions within that as well. So yes, I think that is one arena, one environment where that greater level of engagement and operational issues can, can tend to happen. But again, it's important in terms of the mandate of those committees and looking at the effectiveness of those committees to make sure that again, they haven't gone too far into overlap with the executive on operational issues. They still have to be playing an appropriately strategic role. They need to be adding some strategic value to what's happening. Otherwise they are repeating the role of the executive, and that's not a territory that you want to be in.

Will ([13:16](#)):

So, if the board is getting into all of this operational business that they shouldn't be spending their time on whose role do you think it is to rebalance things?

Trish ([13:27](#)):

I think ultimately this is where having a good chair is critical and you can define 'good' in different ways; it can be someone who has experience of being a chair or just someone who has a good understanding of what an effective board should be spending their time on. The chair needs to be able to identify that there is a problem, and then also to address it and it could be, you know, whether the issue is board

members who need to shift their focus away from operational issues or an executive that's overly reliant on the board for decision making or something else.

Will ([14:03](#)):

Yeah. And can the Secretary who we've directed a lot of our podcast episodes too, can they support the chair?

Trish ([14:10](#)):

Yeah, absolutely. And this is another example of where the secretary can really add value. First of all, they may not be fortunate enough to have a chair who realises that the focus of the board needs to be redirected. They may need to proactively raise this possibility with the chair and see if they can create some change as a result of that. So that's one instance and that's a difficult situation to be in, to have to try and have a conversation like that with the chair and to try and get them to reorientate the board a little bit more towards the strategic. Where they are working with the chair, who is aware that some change is required, they can help to rectify the situation. You know, again, using the examples we had, they could identify some professional development for board members to help them to understand the more strategic role of the board. Or, in our second example, they could liaise with the chief executive and other staff and communicate the need for a review of the types of discussion items and decisions that are going to the board. So, they can act in a liaison role with the executive to just have a word you know, explain the concerns the chair has. And again, just try and rectify that situation without it becoming a big issue as it were.

Will ([15:37](#)):

So, the secretary obviously plays an important role, and so does the chair. Do you have any recommendations to support them in keeping the board strategic?

Trish ([15:46](#)):

Well, we often feature our experience of what can help to alleviate or just avoid governance issues in these podcasts and the following suggestions we've put together have come from direct experience, but also from working with organisations on this issue. So, we came up with five kind of *ad hoc* tips, particularly for the secretary, for helping to keep the board strategic. And I'll run through those with you if that's okay.

So, the first one is and often this just doesn't happen, it's just scheduling strategic discussions in advance. So, what'll happen a lot of the time is that a board will have a rolling agenda, which will describe the types of things that they might be addressing at certain board meetings during the year. And it could be about risk, or conflict of interest or whatever it happens to be, but often they don't actually include and schedule time to talk about strategic issues.

Trish ([16:42](#)):

And, you know we've talked before about working with board members at induction and through professional development to understand all dimensions of their role. But we then need to make sure that the business that has been put before the board reflects those priorities that we've communicated to them. And one way of prioritising strategy is just by scheduling dedicated discussions on strategy during the year. For instance taking one of the goals of the organisation's current strategy and

evaluating the progress made against that goal. And indeed, you know, the continued relevance of that goal - has the environment changed and is that goal actually still pertinent?

Trish ([17:39](#)):

So, taking time and maybe dedicating an entire meeting to strategy signals that strategy is important and is a priority for the board. And schedules are so busy, agendas are so busy that sometimes issues of substance like this just don't get discussed. So, they need to be scheduled ahead of time. So that's one [recommendation].

A second one, on a simpler level, [is] developing templates for board papers that actually require the author to explain why the board is getting the paper. So, quite often, you'll see in packs of papers that go to the board they're told something, they're asked to consider it, they're not necessarily told what they're expected to do with it, and they're not told why they're getting it. And I think that should be clear.

Trish ([18:29](#)):

So, if you're writing a paper to the board, I think it should be clear as to why they have this piece of business in front of them. How does it relate to their functions? How does it relate to strategy, or corporate governance, or to their stakeholder responsibilities?

A third thing then I think is to ask the board occasionally to assess for themselves the balance of the meeting. You know, for instance, was it more operational than strategic? Was the discussion focused or otherwise? Were priority issues given enough time for discussion? You can do that through a half page form of tick boxes...And having to answer those questions, I think through that very simple method, it just, it's going to require board members to think about what has happened at that board meeting.

Trish ([19:20](#)):

And they might actually think about any part they've played in contributing to the imbalance in the meeting. And it will give the secretary kind of a quick format of analysis that they can think about and also share with the chair. So not suggesting you do that after every meeting, because it would lose its effectiveness, but maybe a couple of times during the year. It's a nice exercise that you can get some good information from.

The fourth thing, and again, this is just a very simple thing, is just giving strategic issues a higher place on the agenda. So, often agendas, they're ordered in exactly the same way for every meeting. You might have, for instance, that the chief executive might give a report to the board on what they've been doing since the last meeting, which is important, but often it's just kind of informational...

Trish ([20:13](#)):

And you might find that other issues than that the board is being asked to make decisions on and to contemplate are getting squeezed at the end of the agenda. They're just not getting enough time or they're getting kicked off into another meeting. So just as a simple thing, consider moving items up the agenda to signal their importance and to give them enough time and the board enough energy to deal with them.

The last thing is just to consider reducing the number of people from the executive, from the staff of the

organisation, who attend board meetings. Now, I think it's really important to have a connection between the executive and the board. And I think it's very important that that goes beyond the CEO.

Trish ([21:01](#)):

But sometimes you see board meetings where there are almost as many members of staff as there are board members. And if that happens, attention is just inevitably going to turn to the operational over the strategic. So, I think we'd recommend only maybe having executive members who have business at the meeting and possibly only for them attending for the item that they're contributing to. And otherwise, really just trying to give the board the space, even just physical space, beyond anything else to deliberate independently. And they will be doing that all the time with the support of the secretary and with the chief executive.

Will ([21:42](#)):

I see. So, schedule strategic discussions in advance; develop board paper templates; ask the board to occasionally assess for themselves the balance of meetings; give strategic issues a higher place on the agenda; and reduce the number of people from the executive that attend board meetings. They sound like very good tips for secretaries to keep it strategic.

So far on this podcast about governance, we've talked about external evaluation; about induction and professional development for board members; we've considered the relationship between committees and boards; and you've provided some thoughts on how to keep the boards strategic. So, Trish, where do we go from here?

Trish ([22:28](#)):

Right. Well, I think for our sixth episode we might talk about risk. Risk is really only important if it can impact on achieving strategic objectives. And as we've been talking about keeping it strategic, this might be a good time to discuss effective risk management.

Will ([22:48](#)):

Indeed, that sounds really interesting. And I look forward to talking to you about that, Trish. Thanks very much.

As Trish mentioned, in our next episode we're going to look at effective risk management. This can be a difficult area sometimes for Board members, so we'll be talking in episode 6 about how the Secretary can support the Board in thinking more strategically about risk. I hope you'll join us, and don't forget, you can find out more and access resources, templates, and the One Question Guides at obriengd.ie. Thanks for listening.