

POWERTALK GLOBAL SERIES

2021: Refresh the Agenda

The Modern Board Architecture

Mark A. Pfister, New York, US
CEO and Chief Board Consultant
M.A. Pfister Strategy Group



INTRODUCTION

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This special PowerTalk Global Series provides boards and directors a head start on their priorities to chart a new course for the coming year. It gathers great minds from around the globe to unpack the shifting business trends and what you can do to give your companies an upswing in 2021. From oversight to foresight, boards are expected to refresh their agenda and explore new value drivers that can move their companies beyond current frontiers.

As businesses get more complex, the architecture of the board becomes more vital than ever. A proper board architecture requires several considerations, and they are *vertical considerations* like leadership acumen, *horizontal considerations* like personality traits, and *coverage and overlap considerations* which include important expertise to stimulate in-depth discussion and decision making. It also considers multiple integrated facets of the board's appropriate makeup, not solely the individual's area of expertise and experience. By having a proper board architecture and clear roles and responsibilities, the board of directors will be able to optimise their performance, effectiveness and efficiency, and ensure long-term success for the organisation.

This executive summary captures the salient points presented by the speaker at the PowerTalk Global Series #3.

KEY INSIGHTS & DISCUSSIONS

- 1 As a board member, honestly ask yourself: **Is the board truly successful? Are we making a positive impact?** And most importantly, **is our board respected?**

- 2 To always remember the **5 key reasons for a board's existence**:
 - **Promote meaningful action** - drive strategic focus, guide prioritisation and prevent goal diversions
 - **Foster accountability** - promote discipline, act as a critical 'sounding board' and emphasise urgency
 - **Convey trustworthiness** - build brand comfort & credibility, and show that the company attracts professionals
 - **Grow networks** - expanded connections to people, access to resources and data
 - **Provide mediation** - with shareholders, between team or family members, and in making tough decisions

- 3 Your board's '**Sphere of Influence**' creates the important foundational aspects that build from your board's industry and industry vertical diversity and experience. It has several focuses: (1) **core leadership competencies** that require the individual director to have deep experience in strategy creation and show the traits of a leader; (2) **operational expertise** that require deep experience in implementing strategies and the ability to 'right-size' the organisation's strategies with the organisation's capabilities; (3) which **skillset competencies and experience** that are most important (and is lacking of) for the business' current stage or future growth.

- 4 Your board's '**Planes of Congruence**' **adds character to the board** that ultimately drives value. The board needs to consider what other characteristics are important to the boards composition that can add value to the board discussions and decisions. Examples of characteristics commonly considered for the planes of congruence are common vertical knowledge and varying industry background, emotional intelligence, personality traits, diversity in terms of women to men ration, age range or generational span as well as strategy and governance expertise.

- 5 Creating your board's **coverage and balance** is about ensuring **the depth of expertise and experience across your board members allows for deeper idea-sharing and deliberation**. The board needs to have at least one true expert in each area of expertise in each of your 'Sphere of Influence' while also meeting your 'Planes of Congruence' requirements. Balancing the two by making sure that there are other members on the board that has the experience and knowledge in the same area that could validate or add to the conversation.

- 6 Evaluating your board's **behavioural predispositions** mean balancing their interactions and behaviours across the 'Planes of Congruence' areas. Elements of behavioural predispositions include:
 - **Intelligence (IQ)** - the ability to understand information and situation
 - **Emotional Intelligence (EQ)** - the ability to recognise, understand, and manage one's emotions and others
 - **Mindfulness Intelligence (MQ)** - the ability to be conscious of other's current internal experiences
 - **Team Intelligence (TQ)** - the ability to work together as a team to achieve better results

- 7 Businesses now need to take **Sustainable Development Goals (SDG) and Environmental, Social & Governance (ESG)** to the forefront of the organisation and recruit individuals that have the expertise and experience in these areas onto the board. Aspiring and existing directors should up their game and knowledge in these areas too.

ACTIONABLE OUTCOMES

MOVING FORWARD

1 Apply the structural consideration to your boards: Vertical (Sphere of influence), Depth (Coverage & Balance) and Horizontal (Planes of Congruence).

2 Evaluate the board's performance against the board composition to understand the board's current level of effectiveness and efficiency.

3 Ensure that the board has the right expertise needed in the organisation to achieve high performance and success.

4 Improve board diversity in terms of gender, race, age, and character to add value and make positive impacts.

5 Keep an open mind and learn to accept constructive criticism in order to drive board discussion to a deeper level.

6 Design a roadmap for board succession planning to ensure effectiveness in shaping board composition.

7 Create a balance between expertise, experience, and proof of qualifications to become the next-gen board of directors.

“ In the hundreds of boards that I have worked with over the past decade, it was obvious to see that majority of the time, the core lacking area of these boards where most of the problems manifested was that they simply were not designed or built properly. ”

Mark A. Pfister, CEO & Chief Board Consultant of M.A. Pfister Strategy Group

