



Is Your Board Asking the Right Questions?

Every company is unique and has different challenges. One thing, however, is consistent across industries, company size and types of boards – directors must constructively challenge management and stay focused. To be effective, they must ask key questions, often. Try-out the following questions with your board. The answers will help gauge the board's effectiveness.

1. Are we looking forward – do we follow the 80/20 rule?

Boards must spend time looking in the rearview mirror – the financial statements, compliance reports, management and committee reports, but good boards spend more of their time talking about long-term strategy and asking, “what if,” and “why not.”

What would happen if your next board meeting was organized so that 20% of the time was spent on reporting matters and 80% was spent on long-term strategic discussions?

2. Do we dissent, enough?

Part of a director's responsibility is to constructively dissent, initially. Management is smart. They bring in research and analysis, plans sound good and it is easy to get caught up in the exuberance of an idea.

We're often wired to avoid conflict, but the board must foster a culture that embraces dissent and questions. Probe about alternatives that weren't chosen and debate the wisdom of proceeding. Make sure the boardroom is a safe place for full discussion. Then agree on an action.

3. Do we have the information we need?

Directors are spending more time on board work and receiving more advance and in-between meeting materials. When there is too much information, directors can become overwhelmed, distracted by minutia or succumb to attention fragmentation.

Good information governance requires directors to have a conversation with management about how board materials are packaged, about the balance of too much data vs. too little, and about how to ensure the board receives non-management generated data.

4. How do we know what we don't know?

Pose the question. Ask what others in your industry are doing, look at competitive benchmarks. Look outside your industry. Use your information governance framework to reveal knowledge gaps.

5. Are our meetings effective?

At the end of each board meeting, ask, what did we accomplish today? Did we accomplish all that we needed to accomplish? What needs to be on next quarter's agenda?

6. How are we doing?

You don't have to be sick to get better. Good use of the annual board assessment process is an opportunity for directors, as one collective body, to increase effectiveness. Meaningfully consider what evaluation tool will work best for your board.

BQs are published monthly. Discuss your answers in the executive session at your next board meeting. It could help your board become more effective.

