

A clearer focus

Anna Bateson describes a new approach to enhancing board effectiveness, which allows business leaders to focus on the issues that matter.



The position of the modern business leader is a diverse and challenging one. Increasingly they are urged to lead by example, to be visible and listen to the views of both internal and external stakeholders. They are also tasked with establishing risk appetite and understanding their reliance on other organisations in the supply chain.

Best behaviour

All this must be achieved in an increasingly regulated environment, with multiple definitions of what 'good organisational behaviour' looks like. The common message seems to be that a clear focus on the tone and leadership of the governance agenda is required. This is a sea change from the historic focus on board architecture and processes. Business leaders are required to demonstrate that the strategic decisions they take balance commercial imperatives with corporate responsibility.

Tough at the top

Leading an organisation can be a lonely business. Each strategic decision has the potential to significantly impact the whole system, which the leader is responsible for nurturing. Collective board responsibility for those decisions does not preclude individual liability. The roles of directors, whether

executive or non-executive, are clearly defined in law and include a statutory, fiduciary and moral responsibility to deliver governance and stewardship, having taken account of an extensive range of stakeholder interests (for more information see page 43).

While an increasing number of business leaders are describing their organisations as having learning cultures, much of the actual learning activity takes place below board level. It is still relatively uncommon for boards to routinely assess the impacts of their strategic decisions and actively reflect on their individual and collective performance. To complicate matters, there is little security of tenure for them and their time in post can be limited by factors outside their own control.

Coaching in context

Business coaching at board level enables good governance by recognising the complex dynamics involved and the potential impact that changes to decision-making or behaviour can have. Rather than being a remedial activity, the focus is on enabling individuals to build 'situational intelligence,' developing their ability to read the situations they need to address. Known widely in the US as 'savvy,' this ability involves developing 'the rich picture' of the context in which the business leader operates. Successful business leaders couple

their 'situational intelligence' with a real understanding of individual strengths in the boardroom and the most appropriate way to deploy them.

The 'rich picture' is formed by identifying all interested stakeholders, their aspirations and motivation and the context in which these are likely to change. 'Situational intelligence' recognises that differences exist across organisations, cultures, territories and regulatory regimes, such that it is naive to assume that one approach, which has proved successful in a specific context, would automatically translate and work in another context.

Different approach

Coaching for governance addresses the potential reputational damage that can be incurred if a business leader appears 'not to know' the answers to the significant questions that may be asked about a business. The service is timely and flexible, recognising the reality of most business leaders' schedules. Providing a physical and virtual service, the business coach enables business leaders to focus on the specific challenge they wish to address, the critical questions which require answering and the alternative strategic paths available.

The expectation that business leaders will be available at all times, coupled with global connectivity, have increased the 'noise' which each individual has to filter out in order to generate the key insights necessary to guide their decision-making process in the right direction. Business coaching sessions create an environment in which business leaders can filter out unnecessary noise and deploy their thinking time in a way that creates maximum value.

Just as a non-executive director provides independent challenge, the business coach provides a robust thinking framework in a non-directive manner. The relationship provides the business leader with time for reflection and the consideration of alternatives, which avoids the adoption of an inconsidered drive to action. By clearly establishing and continuously reviewing a key objective for the individual, a living agenda is created to deliver value to both the individual and the organisation they lead.

When asked to describe the value they derive from coaching for governance, business leaders frequently identify direct links between specific decisions and actions they have taken and business performance improvements.

Call to action

The events which trigger requests for coaching for governance are often associated with organisational step-changes. These include changes to the composition of the board and key individuals, alterations to ownership structures and changes to the strategic direction for the organisations being governed. Most growth strategies generate these events, whether through organic or acquisitive activities. They also generate a desire to invest in the development of



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A tailored service

Effective 'Coaching for Governance' is motivated by the desire to improve business performance. It focuses on an agenda of change and the deployment of board members' situational strengths. The service is delivered by practitioners with experience of complex business, organisational and interpersonal dynamics. They provide an appropriate mix of coaching, facilitation and consultancy.

Each business coaching relationship will be tailored but will typically cover a period of between three and six months. During this period, the business coach and Director will meet every few weeks for face-to-face discussion sessions away from the working environment. Each session would typically be a two hour appointment. Between these sessions, the business coach will provide virtual support as required.

For example, coaching a holding board director involved a series of structured interviews with the chairman, executive and non-executive directors to establish the business context and challenges. The coachee reflected on the impact of their subsequent actions on board behaviour and dynamics, identifying a growing desire from the chairman and others to address their strategic thinking and decision-making process and behaviour. The chairman and coachee requested that the coach facilitate strategic thinking development with the whole board. This provided an opportunity to observe the coachee in action.

strategic capability in the boardroom.

Annual board reviews can trigger the desire for coaching for governance for whole boards, specific committees or individual members. Organisations often request a service which integrates a combination of coaching audiences over a period of time, generally between three and six months in duration. While there are occasions when a longer relationship is desirable and effective, the frequency of structured sessions is likely to reduce to periodic reflective sessions to review strategic performance and aspirations.

The professional business coach will avoid creating mutually-dependent, long-term relationships and ensure that the issue of transition is transparently discussed. Like board succession planning, this approach ensures that

the client receives the service from those best placed to provide the constructive challenge required as time progresses, and avoids the cosy dangers of 'groupthink.'

The development agendas arising from annual board reviews generally cover the structure, composition, processes and dynamics of those boards. Changes in structure and composition often lead to a need to re-establish common purpose across the board and explore the role and effectiveness of all members, particularly the chairman. Coaching for governance also enables business leaders to reflect on the effectiveness of various board processes, including policy formulation, strategic decision-making and the establishment and leadership of risk appetite by discussing specific situations and their outcomes.

Identifying providers

Company secretaries are uniquely placed to provide insights to their chairmen on the specific agendas which board level business coaching could address in their organisations. As they seek to 'build relationships of mutual trust with their chairman, the senior independent director and the non-executive directors, while maintaining the confidence of executive director colleagues,' they gain a real understanding of the issues which relate to the board's role and behaviour. These insights inform the choice of suitable providers of this tailored service.

In order to be successful, coaching for governance relies on creating business relationships that are based on mutual trust and respect, but not on mutual dependence. The service is not one to be successfully brokered by experts in transactions, seeking to 'sell on,' or by those providers with one model aimed to fit all circumstances. Rigid and blind process providers are to be avoided.

Effective providers are likely to engage in a joint due diligence process to establish that they can create real value for their clients, before agreeing on the most effective tailored process. It is easy to underestimate the time and effort required to create a common understanding between client and provider and also to build the trust required to engage in an effective coaching for governance relationship. ■

» About the author

Anna Bateson works with boards and business leaders, addressing the challenges of leading strategic change and delivering good governance. Through her business consultancy Cutting Through The Grey – www.cttg.org – and jointly with global expert Dr Laurence Lyons, she researches, writes and consults on the development of 'situational intelligence'.

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