Investing in board advice

A board's eye view with Anna Bateson

In difficult trading times, one might expect board advisors to 'go the extra mile' in providing the value they promise. However, recent stories shared by board members and their secretariats seem to imply that this is not always the case. Of course providers have overheads to cover, margins to make and targets to deliver. The best ensure this is not done at the expense of client service.

The best advisors challenge constructively.

Relationships based on mutual respect are critical between boards and their advisors, particularly in a rapidly changing business environment. Where relationships are less effective, advisors often point to the intransigence of their clients as the rationale for 'scope creep'.

Boards and their Remuneration and Nomination Committees face complex choices about who they engage, how they find appropriate providers, what they expect and how they partner with their advisors.

How to find the right advisor

Providers of board advisory services broadly fall into three categories: large, boutique and independent. Each is appropriate in different situations.

Large providers, such as legal, accounting and general professional firms, have extensive business models often with footprints across multiple territories. Their roles, responsibilities and fee structures reflect their business models. Divisions often exist between the marketing and delivery functions. The partner who sells the service is likely to provide a quality assurance, rather than an active delivery role. The global network this sort of organisation offers, if accessed, can provide benefits to clients. The intention is to connect clients with the full range of services available, providing a one stop shop capability.

Boutique firms often focus on specific services or markets and differentiate themselves from large providers by evidencing agility. Their roles, responsibilities and fee structures reflect expertise and they may choose to build collaborative relationships and international networks with other boutique firms in order to mirror the range of services provided by larger competitors.

Independent providers focus on the personal provision of services, which may be broad or narrow in range. They have often worked for large or boutique firms before choosing to operate on their own behalf. Their reputation and professional credibility differentiate them from other providers. They operate simple, agile business models and their fees reflect their expertise. Their ability to network is critical to ensuring their survival in a busy marketplace.

Large providers enjoy high profiles and position themselves actively in their market places. Their brands are well known and most boards will quickly identify the market leaders for any advisory services they intend commissioning. Large, listed companies frequently operate preferred supplier arrangements with a small number of providers and may choose to use one firm for multiple services, or spread the risk by commissioning services from a range of providers.

Boutique providers often position themselves in professional literature as the 'expert of choice'. They link with professional bodies to promote their collaborative approach and seek to engage with potential clients. They publish research and actively share new thinking. The success of a boutique is largely determined by its ability to attract and retain the best talent and to remain at the forefront of innovative thinking.

Independent providers rely extensively on professional and personal recommendations. Their clients are advocates who tell stories about successful relationships, which have delivered value to their organisations and themselves. Independent providers invest in building the kind of relationships that will differentiate their services.

How the best relationships work

To provide value any board advisor will need to be interested in your organisation. They will seek to understand the context in which you operate. This will include building a picture of the wider world and marketplace dynamics, together with your history, current strategy and the business model you use to deliver capability. This factual picture is not enough, however. An understanding of the organisation's mindset is also essential in order that the provider can exercise what I refer to as Situational Intelligence™ in the advice they provide. By Situational Intelligence I mean the rich picture you build to inform your decisions and actions. The advice that is given needs to recognise the risk appetite of an organisation, the way decisions are taken and by whom, as well as the values and ethics which inform those decisions. Avoid order-takers who provide 'one size fits all' solutions with little interest in your specific situation.

The best advisors challenge constructively, they focus on the outcomes to be achieved before considering the options available. They bring imagination and original thought to your deliberations. They add value through partnering successfully with you. You should be able to identify the individual or team working on your behalf and they should be accessible.

On the other side of the relationship, board advisors describe the top three ways in which their clients can enable success. Firstly, clear channels of communication and regular dialogue provide an essential foundation for all board advisory work. Secondly, the provision of honest and comprehensive information early in the process will inform choices and help to add perspective on the real issues to be addressed. Thirdly, reaching agreement on a realistic timeframe, which recognises the board rhythm and availability, will create and sustain focus and momentum through any board advisory process.

So, when commissioning board advisors, it is reasonable to expect they will enable you to build your organisation and board capability through the transfer of their knowledge and expertise. In the face of experts, it is easy to abdicate, but at the end of the day, it is your organisation and your decisions. The critical questions to ask are:

What are we trying to achieve?
What do we already know?
Who can best provide the services we need in our specific situation?
How can we best partner with them to realise the value we expect?

» About the author

Anna Bateson is the founder of business consultancy 'Cutting Through The Grey' – www.cttg.org – and works extensively with boards and business leaders, addressing the challenges of leading strategic change and delivering governance. In collaboration with global expert, Dr Laurence Lyons, she researches, writes and consults on the development of 'Situational Intelligence™'. In collaboration with ICSA, Anna delivers strategic, leadership and influencing skills programmes for members. Find out more at www.icsaevents.com.

Anyone for lunch?

At the time of going to press the BBC ran a story on its website from Former Wall Street trader Frank Partnoy, in which he extolled the virtues of taking a 90 minute lunch break, arguing that such a break should be made compulsory. Mr Partnoy believes that there are too many pressures on modern workers which eat (excuse the pun) into their lunch break and do not allow them the time they need away from the pressures of the workplace. 90 minutes downtime, he argues, encourages the brain to relax and enables workers to think more strategically.

But is a mandatory lunch break realistic? It does seem rather Big Brother-esque to force employees to take time away from work, and it might not suit every employee to do so. Partnoy suggests that, if making the break compulsory feels like a step too far, employers could consider offering incentives which would encourage employees to spend time away from the office, such as rewards for attending the gym or other appointments that would take employees away from the office. Or perhaps more radically, the article suggests that we should change the default position when it comes to the lunch break, so that an employee would be required to opt out of taking their lunch break, rather than electing to take it, as the current position stands. Maybe they would need to fill in a form, or log on to a website.

Partnoy also believes that where we have lunch is just as important as how much time we take off to eat it. His feeling is that fast food outlets, as well as being less than optimal in the health stakes, have a detrimental effect on the way we think. According to the article, 'Sanford DeVoe, a psychologist at the University of Toronto, has shown that merely being exposed to a fast food logo speeds up our already-fast snap reactions'. The fast food experience as a whole, therefore, speeds up the way we think rather than slowing it down, and therefore undoes all our good work in taking time away from the office in the first place.

Partnoy sees many benefits in a longer lunch break, from slowing down the pace of the trading floor to allowing single people to go on dates, to encouraging more flexible working. How realistic his suggestions are remain to be seen. Forcing employees to take time off may not be a battle many employers feel ready to take on. Perhaps they should consider it over lunch…

Tone from the top

A recent survey carried out by global professional services firm, Towers Watson claims that British workers are losing confidence in their senior management. Part two of the firm's research, entitled *Global Workforce Study* (GWS), found that just over half of workers (51%) believe the information they receive from their senior team and only 44% have faith that the leadership team is able to improve business performance.

The research points to a growing disconnect between senior leadership and their workforce. Many workers feel their senior management could do more to grow the business; only 45% of employees think they are doing a good job at managing costs and just half (50%) rate the job that their managers are doing to grow the business as either 'good' or 'very good'. One in three (32%) said their company was doing a poor job of developing future leaders and that a failure to inspire confidence and communicate the work of senior management could lead to an exodus of talent.

Towers Watson offers the following employee engagement tips for business leaders:

1. Make recognition and reward of achievement a part of everyday life; find different ways to share stories of outstanding performance and of individuals going the extra mile.
2. Encourage employees to suggest new ideas and ways of doing things in the company and reward them accordingly.
3. Keep open and honest channels of communication with all employees and ensure the senior leadership team is approachable to staff. Investing in social media tools such as instant messaging, social networks and internal leadership blogs can support collaboration, ideas sharing and cultivate team building.
4. Embed the idea of reward and recognition across the senior leadership team – training days or conferences can be effective in providing leaders with the tools they need to support and motivate their teams.
5. Make sure every employee is informed of exactly how the company is performing, how it is matching up to key business targets and what this means for staff, with supporting commentary from senior figures.