

A changing agenda

It is vital that governance professionals grow their non-technical capabilities as they operate in an evolving context

TODAY'S ORGANISATIONS operate in a volatile and complex environment, where leaders are subjected to a high level of scrutiny from multiple stakeholders who have different expectations. The behaviour and decisions of directors, governors and trustees are watched by demanding individuals and groups. It is in this environment that regulators and analysts promote transparency, clarity and consistency as best practice.

In this operating context, the role of the governance professional is evolving. A complex portfolio of board support activities and projects often find a home in their departments. This provides an opportunity for governance professionals to grow their capability and the value they add to their organisations.

The need for up-to-date technical expertise is universal and this is the foundation for governance professionals to perform their role effectively. However, both those who support large, multi-jurisdictional, premium-listed organisations and those who support unlisted organisations agree that their development needs are more than technical in nature.

Beyond technical expertise, governance professionals should develop situational intelligence to equip themselves with a pragmatic approach for achieving their objectives.

The Situational Intelligence Tetrad

Situational intelligence is the capability to understand the strategic context in which you operate, the objectives you wish to achieve in any situation, the stakeholders with whom you need to engage and your own strengths and potential. To achieve success, a rich picture of this intelligence must be established. How best to build a motivated community of stakeholders who will support your efforts should also be determined.

This approach is based on the recognition that individuals are motivated by a variety of factors – logic, interest, values and emotions. In any situation, an individual's motivation may stem from any combination of these factors.

Sharing insights within trusted networks and seeking individual support are popular approaches to growing situational intelligence. Personal recommendation is the preferred route to finding the right sources of support. Specific non-technical development needs highlighted by governance professionals include:

- Knowledge of strategic and commercial vocabularies
- Understanding of strategic principles
- Knowledge of strategic frameworks and analysis tools
- Practice in identifying and overcoming challenges in enabling the strategy process
- Understanding of leadership approaches
- Practice in developing stakeholder engagement strategies
- Awareness of personal strengths, style, brand and reputation
- Practice in applying personal approaches to real situations



The LyonsBateson Reference Model ©2012 Laurence S Lyons and Anna Bateson

By developing situational intelligence, governance professionals are able to raise their profile from technical experts and organisers, to trusted board advisors and challengers, who are able to influence the governance agenda in their organisations. Effective governance professionals provide thought and process leadership to boards and enable them to operate effectively, engaging with multiple, demanding stakeholders while delivering compliance and governance.

Strategic skills

Boards are responsible for balancing the need to perform in the short term and the creation of systemic change. Success comes from following robust strategic planning processes and building agility into business models. The language and frameworks that have traditionally been used to determine strategic direction are being modified or replaced to recognise the challenge of operating in a digital era.

Governance professionals are often asked to contribute to the design of strategy formulation processes. With their insight into the operation of both board and business, they are uniquely placed to ensure that the process is robust, involves the right stakeholders and is informed by the appropriate quantity and quality of board intelligence. Expertise in enabling board process, information flows and decision recording are essential capabilities.

There are no simple, universal approaches to the formulation of strategy. The emerging strategic language, framework and toolkit need to be modified to fit specific situations. To operate at maximum effectiveness, individuals and teams need to have current knowledge and understanding of the principles underpinning strategic success and the critical questions that boards need to address.

There is, however, universal recognition that in

order to be effective, individuals need to develop their 'line of sight' beyond the boards and organisations they support (see diagram on page 58).

Line of Sight model

Successful organisations should develop an understanding of their external environment before exploring how effectively they are taking advantage of opportunities. One of the critical strategic questions relates to determining which external trends should be tracked and how the intelligence should be interpreted in order to inform board decision making. A true picture of internal health, capability and agility also needs to be presented to the board. The internal and external analyses are likely to include both qualitative and quantitative intelligence.

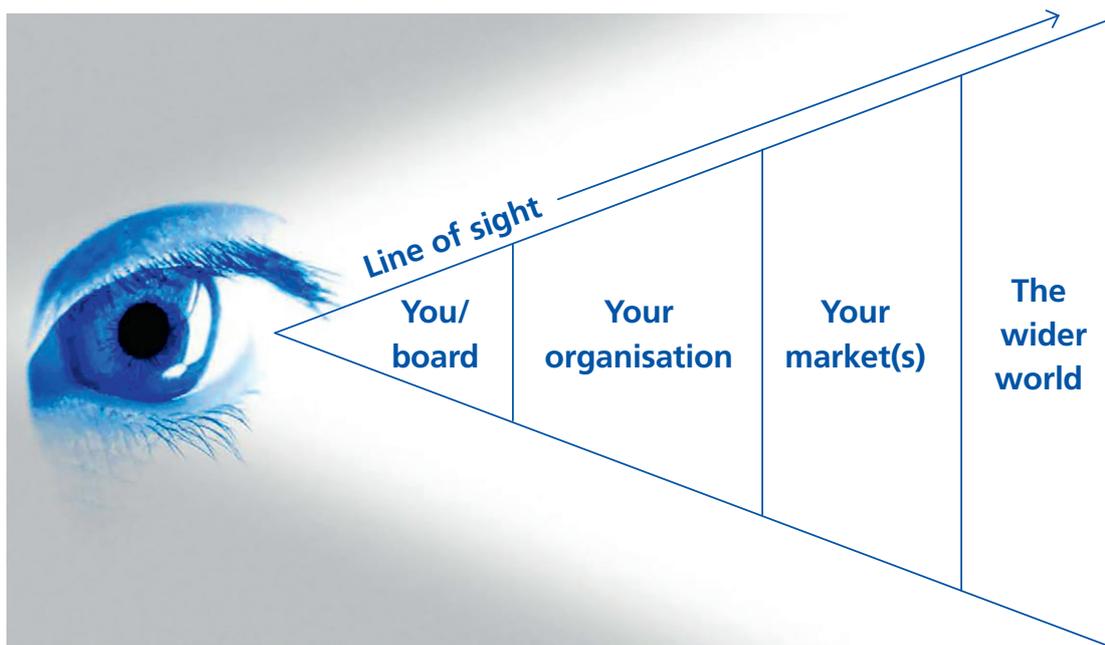
Strategy formulation is an iterative process. It requires appropriate time to be allocated to reflecting on analysis data so that a range of strategic options can be generated and informed choices made. Smooth implementation of the strategy should be planned, and the resultant activity actively sponsored and monitored.

Influencing skills

Effective succession planning and regular evaluation are both helpful indicators of board health. These practices are designed to ensure that boards are refreshed as necessary and have the appropriate skills for the future needs of the company.

Recent publications from the Financial Reporting Council and the Institute of Business Ethics show that it is also important to create and sustain a tone from the top that encourages the desired culture and behaviours. However, not everyone practices what they preach and governance professionals often recognise a gap between articulated values and ethics and the behaviours of certain individuals. They are





frequently called upon to navigate between powerful, opinionated board members.

An understanding of board dynamics and of the types of effective and dysfunctional behaviour enables the governance professional to have those difficult conversations. Building awareness of personal strengths helps to provide a foundation for individuals to take the necessary action to influence their stakeholders and make the most of this position.

Leadership skills

The range of leadership situations encountered by governance professionals is growing. With encouragement from many quarters, individuals are advised to develop a higher profile. In large organisations, governance professionals may work with colleagues from the same and associated disciplines. Line management of a team requires skills which inspire people to follow. These same leadership strengths are also relevant for single operators, who may support one or more organisations. Senior governance professionals are increasingly leading multifunctional project teams addressing the delivery of compliance and governance issues.

Governance professionals are also required to lead board operational processes, providing timely board intelligence, coordinating the functions of committees and of the main board, recording decisions and supporting board members. They provide thought leadership, which informs board discussions.

Growing demands on limited resources and time lead to difficult choices. By reflecting on their current activities, individuals are able to build an understanding of their effectiveness and identify actions to better direct their own efforts.

Understanding their preferred leadership approaches and the context in which they are likely to be successful provides individuals with a way of planning and evaluating their leadership success.

Reflect and grow

ICSA has developed the Company Secretarial Development Programme to provide governance professionals with the opportunity to build their non-technical capability. The programme is delivered in both residential and non-residential formats and covers strategic, influencing and leadership skills. Throughout the course, individuals have an opportunity to share and reflect on real situations with their peer group and will develop a personal plan to apply their learning and build a support network.

To find out more about the four-day programme and to book your place on the next course, visit the ICSA website.

Anna Bateson IS FOUNDER OF BUSINESS CONSULTANCY, CUTTING THROUGH THE GREY

