

## STRATEGY

# Strategic decisions

There is human tendency towards complexity, says **Anna Bateson**



**Across sectors and territories, the frequency of board meetings seems to be increasing. Directors report that board agendas have become so long and complex that relying on the minimum number of board events is becoming problematic, even when reserved powers have been minimised.**

Discussions of topics on board agendas have highlighted the issue of avoiding operational problem solving and the difficulty of devoting enough time to strategic thinking. The activities of committees are also changing. Their remits and relationship with the whole board need to be clarified when mapping an organisation's strategic decision-making process.

## The people

Non-executive directors must understand their individual and collective liability for board decisions. They must also decipher how much information they need to be confident that they understand the context in which they are being asked to make independent decisions – a judgement that is developed through experience. Independent directors regularly observe difficulties in using the information included within board papers (as well as their length, format and timeliness) to inform strategic decision making. Executive directors advise that they are grappling with board appetite for information that clarifies the desire for strategic alternatives and their implications.

Virtual board papers drive the format of reports but requests for tailoring the presentation to suit a wide variety of interests can introduce a level of complexity that is counter-productive. Leaders should present their knowledge and expertise in a way that positions the importance of their functions and informs the board – here, a tendency to detail is difficult to avoid.

A tension exists between individuals as they strike a balance between the provision of too much data and the desire for wise, summarised trend analysis. This is fuelled by an increasing awareness of the individual's exposure to censure, which comes with increased regulation and legislation. There is a correlation between the complexity of the entities being directed and the tension felt.

## Board intelligence

Board advisers and academic researchers highlight the importance of equipping strategic decision makers with corporate memory – current and future situational intelligence. Many boards are making sure this is recorded now before it is lost as board refreshment can lead to limited knowledge of the organisation's history.

Accurate and informative status reports combine qualitative and quantitative intelligence and include the contributions of a wider range of stakeholders than historically. The limitations of forecasting in a turbulent world lead to a focus on trends and timeframes which have certainty and relevance for the commissioning organisation.

Data sources should be aggregated into trend analysis with trend patterns plotted against each other. The display of board intelligence accommodates the multiple decision making styles present in the boardroom.

Decision making is assisted by the agreement of explicit criteria which boards will use to choose between strategic options. These criteria include strategic fit with aspirations, risk appetite and belief systems. The capability implications and acceptability to stakeholder groups are also included. Effort spent achieving consensus on strategic decision criteria is an effective investment in improving the quality of strategic decision making.

## Measuring success

Board reviews provide an opportunity to assess the effectiveness of board processes. The appropriateness of board intelligence can be measured qualitatively by asking members for their feedback. The strategic decision-making process can be audited to ensure that it has been robust and accurately recorded. In all this rational activity, it is worth remembering the human tendency towards complexity and positioning.

**Anna Bateson** IS FOUNDER OF BUSINESS CONSULTANCY CUTTING THROUGH THE GREY, [WWW.CTTG.ORG](http://WWW.CTTG.ORG)