

# corporate governance

*better companies, better societies*

## Institutes Share Successes and Challenges in Training Board Directors to Lead Corporate Governance Reforms

Key Lesson: Directors Value Interactive Training that Builds on Their Expertise and Emphasizes Practical Approaches to Leadership

For companies to be well-governed, their boards must fully understand and put into practice corporate governance principles. Too often, directors have the business acumen but lack a deep comprehension of corporate governance or the leadership skills required to reform policies, practices, and behaviors that can undermine a company's performance.

Although good instructional material and curricula have been in place in many countries, some training centers, particularly in developing and transition economies, either lacked the resources to develop their own curricula or had weaknesses in their programs.

To remedy the challenge, the Forum developed *Corporate Governance Board Leadership Training Resources* for Institutes of Directors (IoDs) and others that train board directors.

The Forum's innovative approach is unprecedented in the breadth and depth of the curricula, and in the use of adult-learning approaches to maximize the training's usefulness and impact.

"From the start, our approach was to build on the wealth of knowledge and experience that board directors bring to training," said Ghita Alderman, the Forum product leader for the *Training Resources*. "We wanted to challenge participants

through interactive exercises, such as role plays, rather than traditional lectures that are often 'one way' presentations in how information is provided."

Since its launch, more than 300 trainers from 55 countries have completed the Forum's "train the trainer" program. Their experiences are summarized in this *Lessons Learned* to assist IoDs and others in comprehending and applying the core success factors and in overcoming the challenges. Other "lessons" are derived from the meeting of master trainers in Sao Paulo in late February 2010 and the specific experiences of Brazil's Institute of Corporate Governance (IBGC). *Learn Before You Lead: The Corporate Governance Board Leadership Training Resources Kit*<sup>1</sup> provides additional insights.

*"Board directors are increasingly important as a result of the financial crisis, demands for greater accountability from shareholders, and the highly competitive global economy. The Forum's training initiative is effective in helping directors understand corporate governance best practices so they can work within their boards to ensure that their companies are well-governed."*

**Jose Augusto Pinto Moreira**  
Audit and Risk Management Committee Member  
and Finance Committee Member, Abril S/A.



The Global Corporate Governance Forum is a multi-donor trust fund facility located in the IFC's Business Advisory Services. The Forum was co-founded by the World Bank and the Organisation for Economic Co-operation and Development (OECD) in 1999.

Through its activities, the Forum aims to promote the private sector as an engine of growth, reduce the vulnerability of developing and transition economies to financial crisis, and provide incentives for corporations to invest and perform efficiently in a socially responsible manner. The Forum sponsors regional and local initiatives that address the corporate governance weaknesses of middle- and low-income countries in the context of broader national or regional economic reform programs.

Donors to the Forum include the IFC and the Governments of Austria, France, Luxembourg, the Netherlands, Norway, and Switzerland.

<sup>1</sup>Available online: [http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/SmartLessonsBoardLeadership/\\$FILE/SmartLesson\\_COAGF+-+Resource+Kit\\_FINAL+v2.pdf](http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/SmartLessonsBoardLeadership/$FILE/SmartLesson_COAGF+-+Resource+Kit_FINAL+v2.pdf)



Scenes from the Forum's initiatives to expand training of board directors in Panama (top and bottom photos) and Sao Paulo (middle photos).

## Training Resources Features

- Methodology suitable to adult learners—interactive engagement helps training participants learn how to lead reform efforts
- Logical flow of content guides trainers in organizing their localized curriculums
- Standardized format that includes PowerPoint presentations and training exercises
- Point of reference for developing core and continuing education programs
- More dynamic class than traditional “one way” lectures
- Modules’ flexibility affords adaptation to local situations and institutes’ existing curriculum
- Focus on instilling leadership values to help trainers work as “change agents” within their companies or organizations to adopt best practices
- Enhancement of the training provider’s brand and authority in policymaking to develop national corporate governance codes

## ‘Best Thing Around’ for Institutes

At the core of the *Training Resources* is an interdisciplinary approach to learning. This method realizes the importance of providing IoDs with the ability to localize and adapt the curricula to the experiences and capabilities of those enrolled.

Sao Paulo workshop participants emphasized this flexibility as particularly significant in their individual successes to integrate the *Training Resources* into their existing curricula. The materials served as a reference point for expanding the trainers’ efforts.

The “adult learning cycle,” the ease of navigation for finding content, the simple language, the rational sequence, and the adaptability of the case study to the local environment—all were additional success factors cited by workshop participants. They also confirmed that they apply and integrate new learning techniques, particularly in specialized courses, and see tangible benefits as a result.

“The *Training Resources* is easy to use and easily applicable in different countries, given the modular design of the curriculum,” said Olli V. Virtanen, secretary general of the Finnish Association of Professional Board Members.

“The Corporate Governance Leadership Training Resources has revolutionized the way the Institute of Directors of Zambia conducts its training programs in a very positive way.”

Victoria Silutongwe  
Executive Director, Institute of Directors of Zambia

## Challenges, Problems

Translation, adaptation, and enhancement of the *Training Resources* will remain a challenge.

Localization is much more of a “major task” than initially recognized, the workshop participants noted, and should be highlighted in the *Training Resources* guidance. The PDF version, for example, does not allow for easy insertion of local information, such as notes on local codes, laws, and cases. Providing the materials in a format that trainers can easily adapt to their needs would reduce preparation time.

Training methods and the types of trainers used vary from country to country. While some cultures highly value training by academic professionals, others prefer trainers who were or are board members because they are able to bridge the curricula with relevant experiences that directors typically encounter.

Comments from the workshop and the evaluations for each “training of trainers” program are shared with IoDs as part of the Forum’s efforts to continually improve the materials and training methodology. This feedback helps the Forum and IoDs recognize their own “blind spots” while motivating trainers to excel in their work.

“Working without feedback is comparable to starting an important journey without a map or signposts,” Ms. Alderman said. “The ongoing feedback we receive energizes us and our clients.”

## ‘Rethinking How I Teach’

Throughout the workshop discussions, trainers repeatedly said that they, too, had to “grow” in how they conduct training sessions, “rethinking learning concepts,” “better understanding the participants’ perspectives,” and creating a “sense of ownership and opportunities for implementation.”

“The Forum/IoD program pushes trainers out of their comfort zones to develop new training approaches to engage adult learners,” said Irena Prijović, Secretary General, Slovenian Directors’ Association.

The trainers emphasized that adult-learning approaches demand that trainers create and sustain dialogue

throughout the training, that the sessions should not be a “one way” lecture. Further, applying what is learned, not “memorization” of the curriculum’s contents, is the objective.

This methodology also stresses the directors’ role in corporate governance reform. Instead of being passive recipients of information, they should ask questions and lead reforms despite resistance by those who fear change for many reasons, including concerns that the company’s success may be undermined by burdensome policies and practices.

To ensure that the training is productive, the Sao Paulo workshop participants emphasized the

importance of trainers “getting it right” from the outset, given that training participants quickly form opinions of their trainers’ credibility, and effectiveness.

“The real barriers are not the content but the teachers,” said Arturo Neves, an IBGC Trainer and Amphi Consultant. “We have our own mindsets. We have had our own ways of teaching corporate governance, but the *Training Resources* is showing us new ways to inspire participants. Our challenge: How can we stimulate trainers to use the new training methods and information effectively in their training?”

## Brazil’s Experience: Dedication, Relevance, Results

At the Sao Paulo review meeting, Heloisa B. Bedicks, the IBGC executive director, and Adriane C. S. de Almedia, the head of the IBGC Knowledge Center, explained how the *Training Resources* are positioned. More than 1,400 members and 200 companies have already participated in IBGC programs.

### IBGC Core Training Programs

- Introduction to corporate governance
- Corporate governance in family-owned companies
- Board of directors
- Board implementation
- Board committees
- Corporate secretary
- The Director’s Program

### IBGC Continuing Education Programs

- Shareholder and director responsibilities
- Audit committee
- Mediation
- Corporate restructuring
- International accounting standards
- Corporate risk-management

All these programs use *Training Resources* content.

In applying adult-learning techniques, the IBGC recognized that some trainers would initially be uncertain about the approach. But, as the trainers gained experience in using these techniques, they saw the benefits for the directors they train. Success reinforced their conviction to utilize the training methodology, which includes quizzes, group discussions, brainstorming, “fishbowls,” and “role plays.”

As the training improved, the participants had higher expectations for the course content and trainers’ effectiveness.

Thirty-six trainers in Brazil underwent the Forum’s “training of trainers” program in 2009. Of those, 30 (83 percent) began teaching IBGC courses. Twenty used techniques learned from the Forum’s training. The trainers who attended scored higher evaluations from their own training program participants than those trainers who did not attend.

The IBGC trainers’ view was that the *Training Resources* was the “best thing around.” They

stressed the importance of knowing your participants and noted that any time spent in researching a forthcoming training group and the individuals in that group was “time well spent.”

The trainers localized the materials, but this took far more time and effort than indicated in the *Training Resources* guidance or than they had expected. For them, localization meant rereading and reviewing all materials, adding local issues and examples, and checking to avoid overlap with other IBGC training sessions. Many also had pre-existing training materials to adapt.

The trainers confirmed that they apply and integrate new learning techniques, particularly in specialized courses, and that they see the tangible benefits. Translation, adaptation, and enhancement of the *Training Resources* remain a challenge.

## Training Alone Cannot Drive Reforms

Successful training programs do not necessarily lead to successful improvement in corporate governance. What is required to achieve the desired outcome is corporate governance champions with the commitment and time to devote to achieving change.

Some courses vary in their success depending on the “openness” of the company and whether it was hierarchical in nature. For IoDs, this means that they must understand more about the companies they work with in order to guide the kinds of training they provide. At the start, they may want to address issues they think may limit their training’s effectiveness.

*“How can we accelerate the velocity for moving forward? We are increasingly under pressure to meet a demand that is escalating and exponential but our team is small and our resources are limited.”*

**Ashraf Gamal El-Din**

*Executive Director, Egyptian Institute of Directors*

## Lessons Learned for Forum’s Phase Three

The Forum is moving to intensify its role as a global knowledge management platform that will continue producing cutting-edge materials as it focuses its efforts with centers of corporate governance excellence. In turn, these centers will disseminate the Forum’s materials more broadly within their countries and regions. (For more about Phase Three, consult *Building on Success, Deepening Corporate Governance Excellence* on the Forum’s Website: [www.gcgf.org](http://www.gcgf.org).)

During the five-year program (FY 2011-2015), the Forum will broaden its expertise, experiences, and solutions from its involvement in corporate governance issues among developed and developing countries.

The centers will be crucial in helping the Forum to manage ever-increasing demand for its assistance while it continues building capacity in developing and emerging market countries.



Master trainers from across the globe share their experiences.

## Framework to Guide Institute Strategies

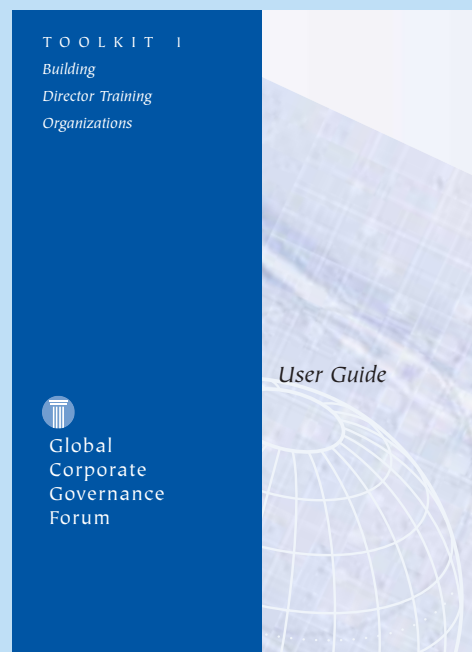
The following framework was introduced to help workshop participants think through the issues, including training needs, that arise as an institute evolves from a start-up into a mature, autonomous organization.

	Low institution capability	High institution capability
High training activity	3) Growth of training	4) Mature / autonomy
Low training activity	1) Start up	2) Growth of services other than training and advocacy

The Forum's first toolkit, *Building Director Training Organizations*, was seen as providing assistance in moving from cell 1 to 2. The *Training Resources* was seen as providing assistance in moving from cell 1 to 3.

### Moving from cell 1 to 4 required IODs to consider options:

- Develop training to become a major revenue earner
- Launch non-training services and advocacy activities (many of these activities might be cost centers rather than revenue, thereby requiring the funds generated from training)
- Initiate continuing education and special topics programs to fulfill a need of directors to remain current or deepen their knowledge in particular areas, such as financial statements
- Expand regionally, building on the IOD's expertise and benefitting from the economies of scale and exchanges of experiences and knowledge



*"The more you dig into the Forum's Training Resources, the more impressive it is. IBGC has trained about 1,000 students with a roster of 100 teachers. The Training Resources has been instrumental in our efforts to accomplish as much as we have."*

**Leonardo M. Viegas**  
Head of International Commission, IBGC

### NEXT ISSUE:

In fiscal 2011, *Lessons Learned* editions will examine the reasons why some country action plans succeed and others fail, report on the rollout of the new Forum toolkit *Resolving Corporate Governance Disputes*, and share the experiences from the Forum's Financial Markets Recovery Project.

### LEARN MORE

**Global Corporate Governance Forum**  
2121 Pennsylvania Ave., NW  
Washington, DC 20433 USA  
Tel: +1 (202) 458-8097  
Fax: +1 (202) 522-7588  
cgsecretariat@ifc.org  
www.gcgf.org