BEHIND THE BOARDROOM DOORS:
improving board functioning by leveraging behaviors and personality types
Governance – refresher: what is it?

Latin word - ‘Gubernator’:

- ‘Navigator’
  - Sets the course;
  - Ensures we reach our destination;
  - Not doing the actual work

Cadbury Report:

- The system by which business organisations are directed and controlled
Building Boards into Leading Teams

Director appointment methodology:

- **BASELS™**
- **Board Appointments**, based on candidate’s 
  - Skills 
  - Experience 
  - Linkages (Networks), and 
  - Style

Note:
- **BASELS™ is a Trade Mark of Westlake Governance Limited**
Board Diversity – 1

▪ ... Director Type
  ▪ Executive / Non-Executive / Independent directors
    ▪ Value of each category?
  ▪ Tenure of directors
    ▪ Balancing experience and fresh thinking

▪ ... Background
  ▪ Skills, Experience, Linkages and Styles
  ▪ Professional background

▪ ... Perspective
  ▪ A real issue for private and family companies
Board Diversity – 2

- ... Demographics
  - Gender
  - Age
  - Ethnicity
  - Geography

- Key question for appointment:
  - Who is the best person for this role?
Richard Leblanc’s 10 Director Styles
(Source: ‘Inside the Boardroom’ – Leblanc & Gillies, 2005)

- Controller
- Change Agent
- Conformist
- Consensus Builder
- Critic
- Consensus Builder
- Caretaker-Chair
- Cheerleader
- Counsellor
- Conductor-Chair

Collective

Dissent

Individual

Consensus

IFC | International Finance Corporation
Creating Markets, Creating Opportunities
When we just can’t agree

If you really can’t agree, you have only three options:

1. **Persuade** the others to your view:
   - New information?
   - Different perspective?

2. **Vote against it** … then get over it

3. **If you can’t get over it**, get off (resign)!
   - It’s not acceptable to undermine or re-litigate the decision
Dealing with Difficult Board Members

1. This is *not the same as directors who ask difficult questions*:
   - Good questions are a key to good governance

2. Director *dominating discussion*, or *digressing*:
   - Aggressive / lacking self-confidence?
   - Chair needs to deal with this – if others don’t

3. Board member *not contributing*:
   - Are they unprepared, not capable, or just not speaking?
   - Establish reasons, outside boardroom
Really Difficult Board Members

1. **Dissent is not Disloyalty:**
   - If it’s constructive, it may not always be a bad thing!
   - But the Chair must act urgently, if
     - A director is constantly promoting their own interests, or the interests of a single shareholder, or
     - A director is considered to be acting against the interests of the whole business

2. **Breaching board confidentiality:**
   - This is a fundamental principle of governance
   - Other members or the chair must deal with it …
Building your ‘Champion Team’
... Not just a ‘Team of Champions’

Successful Boards, like all teams, need the ‘4Cs’:

1. **Composition** – right people
2. **Competence** – right skills
3. **Conduct** – perform on the day
4. **Chair** – the right captain
Building your Team to Last

1. Governance Skills and Training
   • Directors need to understand the role

2. Boardroom Dynamics
   • Directors need to know how to get the best from their time in the Boardroom

3. Board and Director Evaluations
   • Foster the culture of continuous improvement – setting the ‘tone from the top’

4. Board composition and mix
   • ‘BASELS’: Skills, Experience, Linkages and Style
   • What we need will vary over time
Finally … Note to all Board Members

“You should never have a situation on a board where directors are afraid to ask a stupid question.”

Jan du Plessis
Chairman, Rio Tinto plc
Thank you! Questions and Discussion

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