

BEHIND THE BOARDROOM DOORS:

improving board functioning by leveraging behaviors and personality types



Creating Markets, Creating Opportunities

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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**

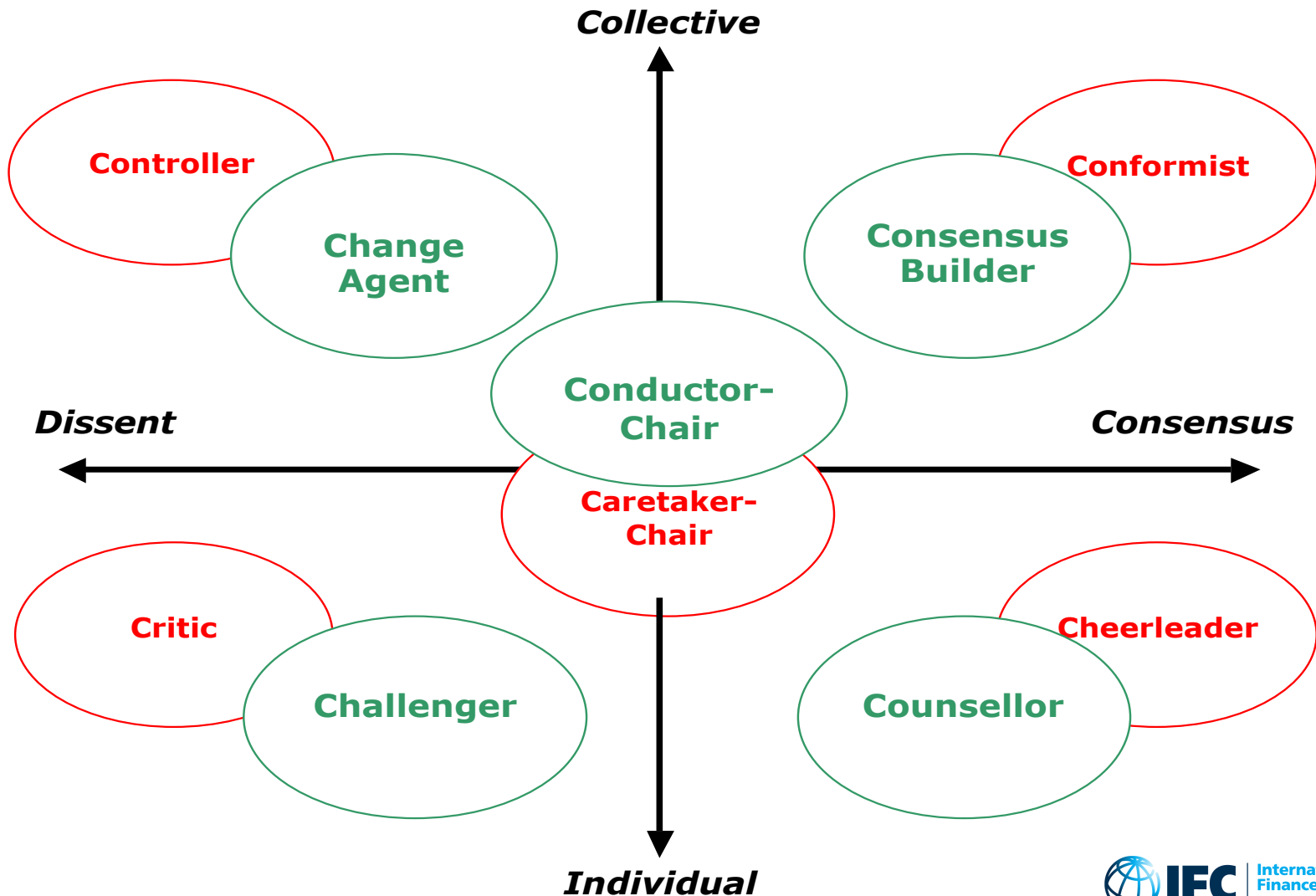
- Gender
- Age
- Ethnicity
- Geography

- **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)



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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