Board Appraisals Workshop

A Public Chairs' Forum event in partnership with Deloitte

Event summary

Dr Jay Bevington, Partner and Leader of Deloitte's Board advisory practice, has worked with over 350 boards over 15 years, offering independent board effectiveness, governance and risk reviews in public and private sector organisations. The Public Chairs' Forum was therefore delighted to welcome him to speak to members to discuss best practice in appraising boards.

Members were provided with two resources; an information pack specifically for PCF members about appraising the effectiveness of boards and Deloitte's 'Chair of the Future' report, which draws on best practice and the skills needed to be an effective chair in the current economic and geo-political climate.

The session was broken down into three sections: a discussion on board evaluation methods, the common characteristics of an effective board, and what makes a good individual board member.

Board evaluation methods

After conducting desktop research of the FTSE 350's, Deloitte's research found that most companies use questionnaires to conduct board effectiveness reviews. However, Jay warned attendees that while surveys can be helpful, they are not sufficient, as self-reporting can create a positive bias risk.

Jay recommended a range of methods as alternatives to surveys, used in conjunction with each other, including one-to-one non-attributable interviews with board members and external stakeholders, board observations for more than one meeting, and to host case-study discussions on areas that not gone well.

It was discussed whether reviews should be peer-led or conducted by external consultants. Jay said that while there are merits to peer-reviews led by individuals that understand the nature of the business, there can be the issue of capacity and time-constraints. Further, it can be useful to have an individual from outside the sector leading the review, as they focus entirely on the function of the board.

Board impact

It is important that board evaluation is focused on outputs and board impact, not what comes to the board or what happens in the boardroom. Jay told attendees that the key question for chairs when starting a review should be: does the board I chair ultimately make a difference and add value?

The group discussed what makes a positive impact, including creating a culture of openness and transparency where staff feel open to raising a topic, maintaining organisational health with a sense of direction, and core values.

It was noted that focusing on organisational performance as a measure of board effectiveness can carry risks, as it is possible to have decent performance with a dysfunctional board if the executive is highly competent. Therefore, it is important that the executive discusses what impact it is making with the board. The chair and chief executive should be able to air their differences with each other, be transparent, and ensure an honest and constructive front to the rest of the board. Likewise, non-executive directors need to be able to be sufficiently independent from the chair to ensure they can be honest and avoid 'group think'.

The most value is added when boards take on a stewardship role, in addition to an oversight and assurance role. This means that they work to guide and shape strategy, foster innovation, develop the culture and respond to changing environments. The chair's leadership is fundamental to achieving this.

Jay introduced the concept of polarity management. It is important for boards to have a constant dialogue over how polarities with equal importance will be balanced in the organisation. For example, polarities include focusing on both the present and the future, supporting and challenging, driving change and providing stability, having a strong voice and listening to the voice of others, seizing opportunities and being mindful of risks, and supporting the CEO whilst holding them to account.

The importance of the dynamics of the board was the next focus of the discussion. Jay advised that the first role of the chair is to create that psychological safety, so colleagues are able to say if they feel worried or sense a problem. Other important dynamics include honest conversations, shared commitment and the ability to hold each other to account for results.

It was noted that the politics of public sector boards makes the culture different to the private sector, and can lead to a greater reticence to challenge. Jay recommended that the chair must build trust with the board first in order to enable challenge. Board conduct or etiquette statements can be useful to set behaviour standards.

Individual board members

The board cannot be effective unless individual boards members are effective in their roles. Jay recommended that the optimum range for the number of board members is between eight and 12 people, so there is a balance between diversity of opinion and the ability to effectively make decisions and discuss issues. An attendee advised making use of sub-committees for decision-making if the board is larger than this.

In the boardroom, it is important that all board members contribute and are allowed time for secondary statements; often the most value is found through iterative conversations. Critically, Jay argued, they should ask questions in the boardroom, not just shared lived experiences.

The group discussed the importance of diversity on public boards, including a range of demographics, skills and backgrounds. Junior, advisory, or shadow boards can be a useful way to train a diverse range of people into non-executive roles. Similarly, offering roles on audit committees can be a good way to teach board behaviours. Jay agreed with these approaches, but also reminded attendees that these initiatives will only succeed with support from the board.

Feedback for board members is essential. Therefore, Jay advocated having a robust and honest appraisal process with 360º feedback, clear objectives for non-executives and clarity over the expected board etiquette, values and behaviours.

To sum up, the group looked at the criteria in the resource pack for a high performing board, which includes being focused on the core business, building healthy levels of trust and support, effectively encouraging individual contributions, engaging stakeholders and demonstrating positive chair leadership. They discussed the risks of boards being ‘micro-managers’, only rubber-stamping decisions, being too focused on the future or persistently challenging. It was recognised that a balance needed to be found between all these roles.