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A Standard Board Assessment Process is No Longer Enough



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Today's board faces more challenges—in scope and quantity—than the boards of five years ago. Then, boards were already mired in new responsibilities that divided their attention and expanded demands for their time and skillsets. In addition, consider how the following recent factors now impact daily operations and strategic choices:

- The pandemic created a significant gulf between employers and employees, union challenges, return-to-office dynamics, and more;
- Significant social movements have become more politically charged, including as they relate to recent Supreme Court decisions that affect diversity and equity efforts;
- The winds have shifted again with stakeholder versus shareholder capitalism, and activist investors who are again taking aim;
- Geo-political issues are multiplying;
- AI is the new unknown risk and opportunity; and
- The SEC recently finalized new climate change disclosure mandates.

The list doesn't stop there. Directors need to understand these issues in the context of their organization's business strategy, in addition to the "standard" knowledge and experience that is already expected. An annual board assessment is required and serves to uncover any concerns about governance, levels of strategic insight, operational issues, and underperforming or disruptive directors. But it is no longer enough to evaluate the board's effectiveness as a whole or provide a roadmap for optimal performance of the entity versus individuals.

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This current environment of complexity should be driving a revamped, more in-depth, and customized board evaluation process—one that can clearly outline where deeper issues may lie and where opportunities to improve exist. Without a significant level of detail in the process the board is left with a "good, okay, or poor" rating that cannot help directors grow either collectively or individually. The questions below offer a few areas for expanded

exploration:

- How the board is led, officially or unofficially?
- How is the agenda determined and what topics are included?
- Does the board spend enough time discussing strategy and external influences on the business?
- Are directors sufficiently educated on topical areas including AI, cybersecurity, and geo-political impacts on the business?
- How much time is spent on formal report-out presentations, versus interactive discussion?
- How are the relationships between the board and management, as well as individuals in both camps?
- Is there planful turnover and refreshment, with emerging needed skills considered in the process?
- Is the board agile, with the ability to vary its level of involvement based on circumstance?

In many cases where this expanded level of evaluation has been embraced and successful, there is a visionary board chair who is focused on culture, is receptive to innovation, and solicits multiple inputs and viewpoints.

Boards that are open to a collaborative, developmentally focused mindset can take this additional knowledge and better identify where they currently stand and what plans might need to be put in place in order to move closer to the ideal state. Cyclical reevaluation and ongoing feedback will ensure the benefits are not “one and done.” The boards that can travel this road together will be in a far better position to remain relevant and effective well into the future, and guide their organizations toward long-term success.

About the Author

Susan brings 30+ years advising boards, CEOs, and leadership teams on large-scale change, culture and organization design, governance and team effectiveness, executive assessment/development, and CEO succession.

About Pearl Meyer

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