Pearl Meyer

CASE STUDY | JUN 2024 |

# How a Progressively In-Depth Board Assessment Led to Improved Coordination, Decision-Making, and Effectiveness

## The Company

The company is a publicly traded premium beverage producer with retail distribution in the US and Canada. They are in a highly competitive market, where consumer interest can be quick to ignite and quick to shift.

## The Board's Challenge

Shortly after an IPO, the highly qualified board recognized that they weren't yet working together optimally. They understood the need to leverage the experience on the board in order to effectively help advise the company, but in practice, that was not happening. The board had also recently experienced a change in composition with the transition of the founder CEO to executive chair and the appointment of a first-time lead director.

Several directors believed the board might have pockets of talent available that could help management navigate specific, urgent growing pains, but these directors were underutilized. Concurrently, the board's leadership was having difficulty coalescing around priorities and began to talk about exploring aspects of director compensation that might encourage getting everyone more involved and on the same page. Instead, the board's compensation consultant suggested that bringing in a leadership practice colleague for an assessment of the full board and its operating relationships might be a more helpful first step toward better alignment.

> Coaching and guidance of individuals and the full board helped the group get to consensus more quickly, while preserving collegiality.

## The Solution

The lead director worked with the leadership consultant to outline an initial baseline assessment, which was interview-based and conducted via online meetings. Because there were some early concerns by the lead director about physical records of these interviews, no written reports were delivered, but verbal feedback was provided with specific suggestions for both individual directors and the board as a whole.

Although the board felt there was value to this assessment process, they were also looking for additional information and the ability to create a plan for improvement. The leadership consultant advised the board that in the future, to be further aligned with best practices, a more in-depth, personal, and engaging board assessment process might be warranted.

The following year, after the lead director had transitioned off, the board then sought a more fulsome evaluation that included in-person reviews and discussions of the assessment findings as well more one-on-one feedback for each director. The measurement process included interviews as well as survey-based assessment tools. This deeper, more engaging assessment process resulted in a clear, actionable six-step plan for the board to improve its coordination, decision-making, and effectiveness.

## Results

As a result of the assessment work and the board's diligent follow through on their action plan, the directors were able to come together and address the need for board members to be more engaged on key challenges facing the organization and to provide the CEO with needed guidance during a critical period of the organization's evolution. Board governance issues were also addressed, clarifying roles and accountabilities across committees and ensuring everyone knew what they needed to focus on in order to be an optimally effective board member.

Interestingly, one finding had been that the board was in some instances too deferential to one another and thus unable to make meaningful, difficult decisions. Coaching and guidance of individuals and the full board helped the group get to consensus more quickly, while preserving collegiality.

The leadership consultant also helped the board identify and bring to the forefront those directors with the right experience to help management think through the turnaround strategy. Further, the leadership consultant had a follow-up conversation with the CEO regarding how she can personally continue to encourage her board members to provide value where she needs it most to ensure future organizational success.

## About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical

links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.