

Attributes of an effective Board By Paul Chapman



Having the ability to produce accurate, timely and relevant reporting and forecasting, together with access to detailed understanding of the market they operate in, are the pre-requisites of almost all businesses. This information-driven base then needs to be augmented with a set of robust financial and non-financial controls, with very clearly defined lines of direct accountability.

Upon this solid foundation, there then needs to be built a strong new product or service introduction process – from idea generation through assessment to implementation, which the Board can actively review and manage. Outside of tight fiscal management, driving growth has to be the key task for a board. Aligned to this process there needs to be an effective risk assessment capacity, which looks across both new projects and the evolving core business.

These should be the common foundations for any business, but what are the additional factors that are required for a board to be really able to propel the business forwards? The key factor is a clear vision of where the business is now, and where exactly it can go. Vision can't be acquired, or bought in – it has to originate from the top team, and more often than not from a single leader, who must then have the

ability to articulate and develop it with his or her board.

Without a clear sense of vision, nothing will move forwards. The business environment is littered with companies who have met with previous success, but have then not been able to determine what the way forward should be. Yahoo is a typical recent example: the business grew quickly, made money, rewarded investors, and then stalled. Because the CEO couldn't create a vision that their outside investors were prepared to buy into, she was deposed.

This vision then needs to be combined with real drive and focused commitment across the board. And crucially, individual board members must all be able to clearly articulate the company's vision. Without this the wider business will not be able to participate, so it is vital that the senior team have strong communication skills, as a fundamental part of their day to day role must be to impart this vision throughout their respective departments.

The vision may start from a single leader, but that does not mean that the board has no role in developing, and indeed challenging it. We believe that it is very important to have a structure within which meaningful discussions and challenge can take place, and a culture that supports this. Such a culture must inevitably be built on mutual respect.

It is also important to ensure that the board is kept refreshed in order to avoid 'group thinking' descending on the board over

time. This can be done either through introducing external DNA in the form of non-executive directors or advisers with the right knowledge, experience and the will to offer a different perspective and challenge existing thinking.

Finally, it is important that a proper amount of time is allocated for individuals to prepare and contribute properly. This too needs to be built into the culture to ensure that when the board does meet, it does not simply go through the motions.

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About the Author

Paul Chapman had over 20 years' experience of marketing, sales and general management in the UK, Europe, USA and the Far East in both blue chip and early stage companies. He held managing director and marketing / sales director positions in 3 very high growth companies. He has experienced an IPO on NASDAQ, is a member of the Institute of Directors, and has been a company mentor with the Universities of Southampton and Surrey. He joined the Azure Partners board in 2004.

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