



# Setting the Strategic Board Agenda



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# Context

The way a board agenda is structured will dynamically affect the quality of board focus and its ability to handle the big decisions that are required to create the future. This is further supported by the quality of board reports that provide succinct, focused information that facilitates the Board to understand the choices they have. The board agenda and the board reports need to work in concert with each other. If the board agenda is focused on receiving reports on activity, and the board reports only provide updates on activity, then the board is not fulfilling its purpose.

It is imperative that the board and the members of the Executive Team collaborate in a close and productive partnership. Both groups must ensure that the board maintains an appropriate focus on the board-approved Strategic Priorities. Academic research shows that there are three main reasons why a board will move from strategic matters and descend into operational matters:

ISSUE	THE CAUSE	ACTION
<b>Ignorance</b>	Directors don't understand their role	Directors must learn their role
<b>Familiarity</b>	Directors understand and are comfortable with operations	Stop interfering in operational matters, and act like a Director
<b>Faith</b>	Directors lose faith in the CEO, evidence of dishonesty by CEO	Performance manage the CEO; remove them if needed

Adapted from [https://www.skills2lead.com/Leader\\_Newsletter-governance-vs-management.html](https://www.skills2lead.com/Leader_Newsletter-governance-vs-management.html)

We will add a fourth reason, based on our real-world experience....

ISSUE	THE CAUSE	ACTION
<b>Poor Preparation</b>	The CEO and the Chair fail to prepare or stick to a strategically focused Board Agenda	Dramatically enhance your board Agenda, using the following thirteen Top Practices (and more!)



# The Chair owns the AGENDA-Sequence of Events



Who prepares the first draft? Usually the Company Secretary, the CEO or the Board Secretary. This then needs to be approved or amended by the Chair. The draft agenda and the board papers need to be sent to all Directors at least five days plus a weekend, prior to the board meeting. Two days prior to the board meeting, schedule a time for directors to seek clarification or request the chair add items worthy of board discussion. It is the chairs decision what is on the agenda and what is not. If the chair is not managing this well, assist them or replace them (circumstances depend on how the chair was appointed-by the board or by members/shareholders)

# The Top Thirteen Practices...



## 01 Place your vision at the top of the agenda

This can remind all present “why” your organisation exists and why you are there; it is not just for the sake of holding meetings. It can also be used by the chair to draw people to consider where the conversation should go. It can also be used to guide behaviour of recalcitrant board directors.

## 02 Create a colourful cover sheet or include a service user story

Plan International uses a cover sheet for every board agenda pack. They include a photograph of their important work or key projects plus a short description. This can help to remind board directors of the reasons for why the organisation exists. Alternatively, spend 10 minutes exploring a service user story or a “Mission Moment”.



**03****Place strategic matters ahead of operational matters**

This helps to overcome the problem we see too often where a meeting delves into operational matters for extended discussions and then finds there is not enough time left to deal with the strategically important stuff. Prioritise the first part of the meeting for strategic matters. Rather than a CEO Report, create a CEO and Executive Team Report on Strategic Priorities and align it to Strategic Plan Structure and deliverables. A key section of this report should be “What keeps the CEO awake at night”

**04****Use a consent agenda (also called a block agenda)**

The Consent Agenda technique is a powerful tool that reduces the amount of time spent on reports that are ‘For Noting’ only. This is sometimes called a Block Agenda (i.e. where a group of items are placed together and approved by the board as a ‘block’).

These items for Noting Only will be voted to be accepted as group (or as a block item). Up to 48 hours before the meeting, board directors may request that the chair take an item off the consent agenda item so that it can be discussed by the full board. It is at the discretion of the chair whether to allow the item to be moved onto the agenda for discussion (or not). This technique separates out matters that the chair and CEO believe are not worthy of any discussion, usually only reports on progress or information with no action required. If the chair is not convinced by this director, then the chair can still recommend that all ‘consent agenda items’ are accepted as they appear in the agenda. As well as separating out Items for noting, you should also have Items for discussion and Items for decision by the board. Please note that any Items for Information should be sent out separate to the agenda, or stored in a resource library or board portal.

**05****Colour code the agenda for the action required by the board**

On the agenda, you can colour code the item, depending on the action required from the board:

- Use green for “Items for Noting”
- Use amber for “Items for Discussion”
- Use Red for “Items for Decision”



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## Create a standard heading on all reports



This heading should read “Strategic Implications for Board Discussion” (or similar). Some of the time, there may be a single word “Nil” under this heading. Other times, staff or board committee will appropriately articulate the issues of strategic importance that the board needs to consider. Even if the word “Nil” appears, the mere presence of this heading may prompt a director to raise a strategic issue or question related to the topic.

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## Careful use of ratios



When determined in advanced, some selected, key ratios can help the board to focus on the strategic issues behind the finance and other numbers. If you use ratios, create a legend to explain what they mean. This can be helpful to directors who are not familiar with the use of these ratios. It can also introduce clarity as there are some ratios that are defined or used differently in different sectors. Define the trigger points for action should the ratios fall outside the acceptable and agreed levels.

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## Manage ‘board owned risks’ and seize opportunities



By creating a separate classification for board owned risks, the staff team can more easily summarise the risks that require attention and oversight by the whole board. Naturally, the board committee overseeing risk should see greater detail and monitor the treatment of major operational level risks. The CEO and staff must maintain even stronger vigilance over all risks.

Remember: Any risk identified can present potential business opportunities, especially if you can manage them much better than your competitors. Help the board focus on the opportunities associated with risks by considering the opportunities and the potential increase in business available.



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## Use dashboard reports (sparingly)



These summary style reports can graphically represent and summarise key data. Make sure that the dashboard reports are measuring the items that represent the real health /real impact of the organisation. While it should cover operational and financial matters, don't forget to include key people measures like culture, satisfaction, staff and safety matters. Trend information, and succinct commentary from management can also be integrated into dashboard reports to make them more useful for directors.

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## Use leading indicators, not lagging indicators

Like most financial reports to boards, many operational reports also look backwards at what the organisation has done. Though sometimes challenging to define, Leading Indicators can become a useful proxy measure for future success of the enterprise, rather than what is already behind the organisation.

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## Measure the right things



Often board reports are full of data that are unhelpful as information for directors (or even management). Client numbers and targets often figure prominently in many board reports. One client might generate \$10k per year in services with the organisation; another one may generate \$800k. Some clients cost you money to service; others yield a surplus to support the whole business. While many organisations measure new clients signed up, they often fail to disclose how many clients were lost, and what the full year impact of those losses are worth to the organisation. Finally consider benchmarks and targets. Are you measuring the real outcomes of your work, or just activity or outputs?



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## Include a CFO and CEO declaration



Every Financial Report provides useful information for directors about financial performance. At the end of the financial report/s, the CFO should include a declaration to the board that they believe the organisation is solvent. Also include details of currency of key payments to external parties relating to superannuation guarantee, other super funds, and the ATO for PAYG and GST. Include date paid up until, and the date next payment is due. CEO should countersign this declaration and key information.

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## What should be on your agenda in the next year



After several recent Royal Commissions in Australia, it is certainly clear to Conscious Governance that organisational culture must become a stronger point of focus for all boards. As a start, you should ask each Director and the full board "Is the culture of our organisation where the board requires it to be?".

WORD: Download Strategic Board Agenda Template

Bonus

PDF: Download Strategic Board Agenda Template



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Free Trial





# About Conscious Governance

Conscious Governance is a global, independent advisory service for nonprofit boards, CEOs and directors. We provide strategic planning, board governance, leadership, and risk management consulting services.

We work with organisations across virtually all sectors and provide resources, guidance and online programs that help promote strong governance practices. In delivering our services, we inspire greater strategic awareness within an organisation, opening up new ways to better serve the wider community.





## About BoardPro

We exist to increase boardroom productivity and create better functioning boards. We don't believe good governance processes should be left to the domain of larger companies. We know that all parties in a board/management relationship want to use their time and resources most efficiently and productively. We found that a product that helped with the processes, workflows and guidance to work on the right things was missing from the market. So we developed BoardPro in partnership with some of the best independent directors and most progressive CEOs.

