



How to Continuously Refresh your Annual Board Strategy



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Before delving into some powerful techniques that enable your Board to continuously refresh its annual Board strategy, it is worthwhile reflecting on the role of the Board, and how strategy should integrate into this role.

The key role of any board is “to make the choices that create the future for the communities they serve”. Creating the future is all about being aware of what is happening in the strategic environment, focusing on the things that are likely to have an effect on your organization, choosing what needs to be modified, created or discontinued and repeating this process continuously.

The two key Board tools for maintaining this focus on creating the future are the vision/purpose statement—the impact we wish to have on the communities we serve—and the strategic plan—the top 3 or 4 things the board agrees have to occur in the next 2 or 3 years to achieve the vision/purpose.

The strategic plan is the Boards’ main accountability document to key stakeholders and the community generally. The vision/purpose of the organisation is brought to life through the development, implementation and review of the strategic plan, and Board accountability should be primarily measured through how effective it is in creating this future.

The problem with trying to predict the future is that it is constantly changing. Any strategic plan or Board strategy is useless if it is never reviewed, amended, tested and changed. When we acknowledge the intersection of the Board focus on strategy with the knowledge that the future is constantly changing, then continuously reviewing Board strategy through the filter of the strategic plan becomes an imperative.

Powerful Techniques for Continuously Refreshing Board Strategy

1

Structuring the Board Agenda

One of the most effective tools to assist the Board to be more strategic is the design of the Board agenda. In general, the more strategic items should be at the beginning of the agenda. All items that are for noting should be at the end of the agenda (confirmed as read at the start of the meeting). Items that are for monitoring should be summarised as dashboards or graphics with questions or implications provided for the Board to consider.

Practical Hint:

Directors have observed that Board agendas which provide hyperlinks to more detailed information make it easier for them to focus on key issues, whilst easily accessing supporting information if required.

It is essential to provide a section of the agenda that directly relates to refreshing Board strategy. This section often has a heading similar to “Changes to Strategic Environment” or my personal favourite “Strategic Gossip”. This agenda item is usually at the start of the agenda or directly after the discussions on key strategic issues. It provides the space for Directors to raise issues they have come across through reading, interactions or reflection, filtered through the potential strategic issue or strategic implications for the sector and the organisation. This is the place where Directors can raise potential discussion topics based on “whispers of the future”, the possible’s, the maybe’s, the perhaps’s they have come across that may have a strategic impact in a few years. This then provides the opportunity for the organisation to do some further research, and for the Board to reflect on whether the existing strategic plan is robust enough to deal with this potential strategic issue.

2

Board Reporting Protocols

A common theme to many Board discussions revolves around Board reporting protocols. One of the key issues that Boards face is the ever-increasing volume of historical information being provided. Boards have reported that they often see an increase in operational reports that focus on what has already occurred, financial reports that only focus on what has already happened in the past, compliance reporting on what has been complied with, and so on. This does not leave space in Board deliberations for discussions about the future or the impact of agreed strategies.

The common causes of this increase in historical information are:

- a.** Boards are comfortable with, or used to, this style of historical report,

- b.** Individual Directors insist on these style of reports as they see it as their “fiduciary duty” to micro monitor everything

- c.** Staff are constantly being asked “for more information” and become used to providing this style of report

- d.** A culture of unease between Board and senior executives when it comes to reporting.

High powered Boards are increasingly setting standards where there is more focus on agreed key leading indicators, metrics and dashboards (including trends and strategic implications of the metrics), and an increased focus on forward looking strategic discussions that are a scheduled part of the annual Board work plan.

3

Allocating Board meetings for emerging strategic issues

A simple yet effective technique is for the Board to set aside one or two Board meetings per year to do nothing but discuss emerging strategic issues. If the Board has 6 meetings per year, then they would allocate four or five of them as Board work meetings (ie the standard agenda framework to deal with Board business), and one or two of these meetings as strategic discussion meetings, where there are no minutes taken, but time is allocated for in depth discussion of emerging issues. Boards have reported this technique as strengthening their Board culture and providing some of the most interesting meetings they have had.

4

CEOs report

The CEOs report is a key Board document that should succinctly highlight key issues in a way that provides focus for the Board. There is an excellent Whitepaper from BoardPro on “How to Create a CEO Report that Delights your Board” that provides some useful insights.

A section of the CEOs report should always be focused on looking to the future. Some of the best discussions in Board meetings have been catalysed by CEO reports that have highlighted potential opportunities, strategic issues raised by key risks, and what is keeping the CEO awake at night.

5

External Stakeholders

To tap into potential strategic issues that the Board may otherwise miss, a powerful technique is for the Board to invite a key stakeholder who is strategic in outlook, and ask them to discuss with the Board what that stakeholder sees as the 2 key strategic issues for that stakeholder in the next five to ten years. The stakeholder is also invited to discuss the potential implications they see for your organisation in the next five years from these identified strategic issues.

After the Stakeholder finishes the discussion and leaves, the Board then briefly reviews their existing strategic plan to see if it is robust enough to deal with these potential implications and seek further information if required. This has the added benefit of further strengthening key stakeholder engagement, the stakeholder is more likely to view the Board as being strategic, and the Board gains access to strategic information from a different viewpoint. And it is really interesting!

6

Key Staff

Another key technique to continuously refresh Board strategy is to invite key staff who are responsible for an area of operations, to give a short presentation to the Board on the top two strategic issues that their area of responsibility faces in the next ten years. These staff do not necessarily have to be part of the senior leadership team.

The Board then can have a discussion with the senior leadership team about the potential implications for the organisation in the next few years, and what might need to be considered for the organisation to position itself if this were to occur. The Board can then review the strategic plan to see if it is robust enough to deal with these implications, and amend the plan if required.

7

“Strategic Implications” as a Key Section in Board reports

Many Board reports leave the Director with a sense of “...and so what? What do I do with this information?” The most notorious of these are the financial reports. The typical Profit and Loss Statement and Balance Sheet may be technically correct, but are often less than helpful to Directors when it comes to useful information. A simple but powerful technique to remedy this is to have a section at the end of these reports that provide a focus for the Directors. A heading similar to “Strategic Implications for Board Discussion” will allow the senior leadership team or the Board committee to focus the Directors on the real discussion that needs to take place, and provide an opportunity for a review of the current strategies to deal with these strategic implications. Even if there are no strategic implications identified by the author of that report (and they put “Nil” under this heading), still have this section appear, as it gives a reminder to the Directors that they should be always be considering strategic implications, and the impact this may have on the existing strategic plan.

In addition, “Strategic Implications for Board Discussion” should be a standard component of any Dashboard reports, to remind Directors that these metrics are only useful if they provide information that supports further strategic discussion.



8

Strategic Questions for Board Discussion

Another useful technique is to have a heading similar to “Strategic Questions for Board Discussion” appear after a business case or major report has been presented. The greatest gift a Director can be to an organisation is to ask the questions that no-one else thought to ask. To assist this culture of strategic questioning, providing some great questions for the Board to consider as part of a report presentation starts to form this behaviour for Directors to emulate. Questions could include such issues as “What might our key stakeholders think of this?” “What have we not considered that may provide greater innovation?” “What implications are there in 5 or 10 years that we haven’t considered?” “What have we missed?” and so on.

9

Scenario Planning

To facilitate higher level strategic awareness, scenario planning or some similar process can be integrated as a process every two years to ensure the Board is constantly monitoring and positioning for what might be, rather than what they know right now. This scenario planning can either be led by a skilled futurist, and/or staff can learn the skills internally and develop institutional knowledge on how to conduct practical scenario planning. The latest approaches to scenarios combine high depth and high quality assessments with the speed and agility required to make them more operationally useful. Scenarios can be used as a foresight tool to help build understanding of the potential future environment in which strategy will play out.

10

Annual review of Strategic Plan

An annual review of the strategic plan is a more formal mechanism to review the existing strategic plan utilising the Five Question Framework developed by Conscious Governance. This annual review would be conducted by the senior leadership team and the Board.

The process for this review is that each strategy is presented by one of the senior leadership team to the Board, utilising the Five Question Framework for each strategy. This Framework involves asking the questions

- a. What has worked with Strategy One?

- b. What has not worked with Strategy One? (and ask “Directors, is there anything else you think has not worked with this strategy?”)

- c. What did we miss with Strategy One? (and ask “Directors, is there anything else you think we have missed with this strategy?”)

- d. What should we add to the Strategic plan based on this?

- e. What can we take out of the Strategic Plan based on this?

...and the repeat this process for each of the Strategies.

The final question to ask after all strategies have been analysed, is....

“And what have we missed?”

This is a simple but very effective technique to review and refresh your Strategic Plan.

Summary

Continuously refreshing your Board strategy is a key skill and responsibility of the Board. The described techniques have been shown to dramatically improve the Board’s focus on strategy, and the ability to review and refresh strategy should be one of the key accountability mechanisms of the Board. Reflect on these techniques, and make them work for you and your Board. And let us know how you get on.

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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.



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