

WRITING BETTER BOARD PAPERS

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How to succeed in the toughest environment



In association with



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Introduction

Writing for a board of directors is not an everyday experience. It is quite a novel experience for most people, even senior executives and highly proficient professionals, to address the board. Board reports are highly important, not just because anything that is important enough to be presented to the board is obviously very important, but because making a favourable impression in the boardroom can make the difference between a strategy that gets implemented and one that is discarded. It can also enhance your career prospects.

Boards are not like any other audience. They are usually senior to the writer (or at least in a position to hire or fire him or her), informed and opinionated, rarely want to sit still and read about your topic and are often driven by an agenda to which the writer is not privy.

Given the importance and strangeness of writing board papers it is not surprising that many authors find them a nerve-wracking experience. However, if you take the time to understand the boardroom audience, there are some simple things that will give your presentation a greater chance of success and give you the chance to excel in the boardroom.

This training manual is based upon my experience writing papers for boards and, as a board member, receiving papers from others. It contains practical ideas that you can put into place to improve your writing. Boardroom reports are quite unlike any other report. The stakes are high, the audience motivated and duty-bound to interact with the topic and powerful enough to demand the best from every writer. The training manual provides a basic framework to help you think through all the issues and plan for every eventuality. Some suggested additional reading is listed at the end of this training manual and will assist you in taking a deeper interest in the topic.

Understanding your audience

Boards are quite different to any other group of people that you may write for in your working life.

There is no other corporate group that has the same sort of shared responsibility and personal liability as a board. As a result of this difference, boards react differently from other readers to reports, proposals and business cases. Understanding the board will help you to expect and understand their likely reaction and to focus your writing so that it meets the needs of the board.

It is important when writing to think about the audience rather than about yourself. Writing for the boardroom may be a big deal for you, it could result in promotions, bonuses, commissions, or status but thinking about those things is not going to help you to make a good document. On the contrary, it can make you more nervous than you would otherwise be. A board is just a group of people. Like any other group of people, they will read your work if they think it will meet their needs.

To correctly identify the likely needs of the board it is necessary to understand what boards do, how they do it and what are the issues board members will most likely be worried about.

What boards do

Boards represent the interests of the shareholders of the organisation. They are there to oversee management and to ensure that the company is doing what it was established to do. For most companies that means 'generate wealth for shareholders' but, for not-for-profit organisations it will mean delivering a mission while generating income that can allow the company to undertake certain operations. Regardless of whether it is a profit or non-profit organisation there is considerable scope for a board to decide what the company will, or will not, do.

Most companies are established in the hope that they will become permanent institutions¹. In this circumstance one of the key issues of concern to the board is corporate survival. This is closely followed by achieving objectives. When reporting to the board, wherever possible, put your paper in terms of its effect on corporate survival and achievement of corporate objectives. The shareholders want, above all else, for their company to survive and to be successful; a good board will be obsessively focussed on ensuring the company does just that. A paper that shows how a board can demonstrate that it is doing a good job in these two critical areas will always be well received.

Within the scope of survival and success there are six things that most boards see as being their role:

1. Setting strategic direction: working with management to set policies, goals, strategies and performance targets for the organisation to meet commercial and community expectations
2. Obtaining resources: providing management with the resources to achieve the strategic plan — the money, management, manpower and materials, the CEO's appointment and a succession plan
3. Monitoring performance: overseeing the organisation's performance against its strategies

¹ An exception to this rule are special purpose companies such as the 'Olympic Games Organising Company' that is established and disbanded in each country that hosts a games.

and targets

4. Ensuring compliance: making sure that there are adequate processes in place to comply with all the legal and accounting requirements of every country or state the company operates in
5. Establishing a risk framework: ensuring that the risks to which the organisation is exposed are clearly identified and that suitable processes are in place to manage those risks
6. Providing accountability: reporting progress to the shareholders and aligning the collective interests of shareholders, board, management and employees

The law imposes a number of general and specific duties and responsibilities that affect the way directors perform their roles. The key principles underlying these legal obligations are:

- Not to misuse their position (i.e. not to gain a personal benefit from their role as a director)
- Not to misuse information they receive because of their role as a director
- To maintain confidentiality
- To avoid conflicts of duty or interest
- To act with due care and diligence.

If directors breach their duties they can be found personally liable. It is impossible to place a company in jail; directors, however can (and do) go to jail for corporate malfeasance. Directors can also be banned from serving as directors in future, fined and/or found liable for damages. This is why directors are often very risk averse and very concerned that all risks have been identified and will be managed.

TOP TIPS

Put your paper in context; refer to the corporate strategy or survival.

Address how your topic will impact the role of the board in each of the six elements of the board's role

Be explicit about all the risks; explain how they will be managed

Exercise 1

On a scale of 1 to 10, What do you know about:

- What boards do
- How they operate
- What they worry about
- What defines board success

You should aim to get at least 7 out of 10 before starting to write papers for a board.

What will you do to increase your score?

1)

2)

3)

When will you do this?

How boards work

Boards make their decision collectively. Each board member is 'jointly and severally liable'² for every decision of the board. It is important that boards discuss all their decisions to ensure that the facts are clear and understood, the risks are identified and manageable, and the board members are agreed on the best way to proceed.

This can be off-putting for writers who are used to groups where a hierarchy will establish a clear decision-maker and others in the meeting are expected to defer to that position.

There are, of course, always some board members who can sway the opinions of other board members and, if at all possible, in the briefing before you start writing, you should ask who might be the influential member when your topic is discussed. You will be better able to position your paper to benefit from the dynamics of the boardroom conversation if you understand:

- who are the board's experts in your topic, and
- who are the natural leaders of board discussion,

Find out if there are any questions that the board would like answered either before you start writing or after the board have received your paper (more detail on this follows in the section on process and protocol). Many board members will let the chairman know before a meeting if they wish to investigate an item on the agenda.

When boards do ask questions, they will always ask about the issues that are most important to them. Referring to the points raised in 'What Boards do' above will help you to prepare satisfactory answers. In addition to putting your paper into the context of the board's operations, board members are likely to ask questions about the issues that most worry them. These may be very different from the issues that worry you, or that worry other executives who report to the board.

Do not be tempted to 'gloss over' information or to avoid mentioning risks. Keep your writing brief and succinct.

TOP TIPS

Ask about the formality and operating style of the board

Ask about questions the board wish to have answered

Find out who are influential the board members on your topic

Answer all questions carefully, succinctly and comprehensively

What worries board members

Anyone writing papers for a board must understand and identify the things that board members in this organisation are worried about and provide appropriate guidance in the paper. Addressing the concerns helps board members to move away from an excessively conservative position and consider the topic in a more balanced manner.

Most writers are happy and confident when discussing the risks that are intrinsically linked to the topic they are presenting, but these are not the risks of most concern to directors. Without

² A situation in which a creditor may sue one or more of the parties separately, or all of them together.

identifying and discussing the risks that keep board members awake at night – the elephants in the room – there will be no way to allay board members' concerns.

It is important for the person presenting a proposed project to put forward clear strategies for managing and mitigating risks, even if they are corporate risks and not likely to fall within the purview of the project alone. It is common practice only to discuss financial risks and the risks that arise if the proposed project fails. However, for higher proposal success rates, additional elements must be added to the conversation.

These elements must be tailored to fit the company based on whether it is a commercial, government or not-for-profit organisation. Further, the age and experience of directors must be taken into account as younger and less experienced directors will focus on different risks than older, more experienced directors.

Adjusting the presentation to focus on the likely preconceptions of the directors allows the presenter to prepare answers for issues that may be raised, and to proactively guide the conversation toward a successful conclusion.

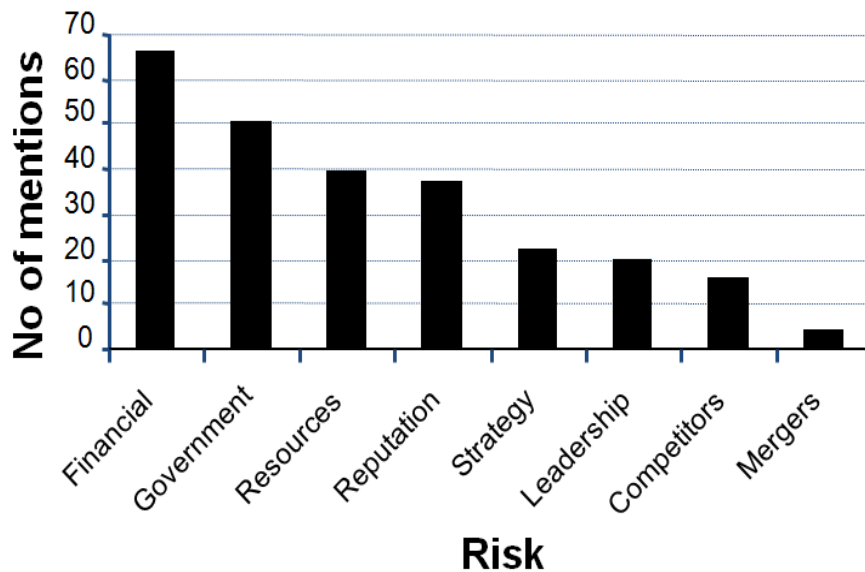
As a guideline, the risk environment for a board member includes the following five major elements:

- Financial – Cashflow and the need to have sufficient money when needed, with less emphasis on fraud or financial statement inaccuracy
- Legal/Regulatory (Government) – Potential changes in the legislative or regulatory environment that would prevent success. Boards need a system of monitoring likely policy developments, and an agenda for briefing politicians and their advisors on implications of change
- Resources – Boards, having addressed the financial resources, predominantly consider human resources. Inadequate or misapplied resources to a project can undermine the potential for achievement of objectives. Also frequently mentioned is the loss of Intellectual Property (IP) with departing staff.
- Strategy – Directors need to be convinced that a project is aligned with the existing strategy and that the organisation has skills in place to implement a given project. Effective communication of the strategy throughout the company is seen by the board as essential to success.
- Leadership – New initiatives need management support. Also, boards themselves express the importance of leadership, characterised by the need to reach consensus, and be willing to take bold initiatives if required by the strategy.

A successful paper will identify which of these elements is most likely to affect this board and address the relevant concerns in the presentation. This is easy if you are a person who regularly reports to this board. You will be able to glean which risks are perceived with greatest urgency by which board members. If you are only in the boardroom occasionally, or if your report is given once only to each board that you address, then you will need to understand the generic risk perceptions of board members.

The graphic in Figure 1 below shows the eight risks most frequently mentioned by board members when they are asked what they worry about³.

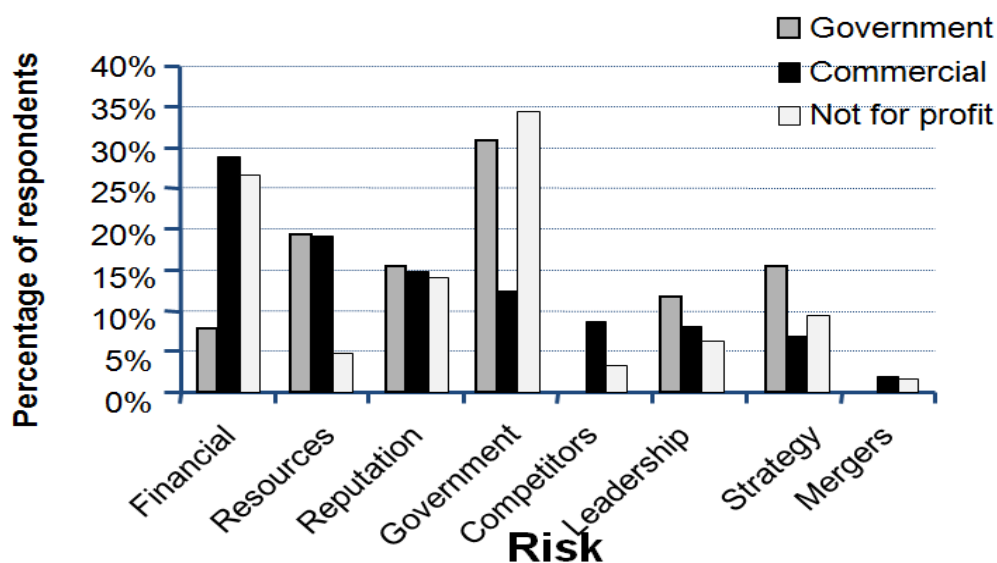
Figure 1 Generic issues that board members worry about



Address these concerns in the order in which they are most likely to arise. That structure will be most likely to reassure the board members that you understand and share their concerns.

Figure 2 shows how these risks are perceived differently in different types of organisation. If you know what type of organisation you are writing for, then you can change the order in which you address the concerns to suit the perceived relevance of each concern to the appropriate type of board.

Figure 2 Risks as perceived by different types of organisation

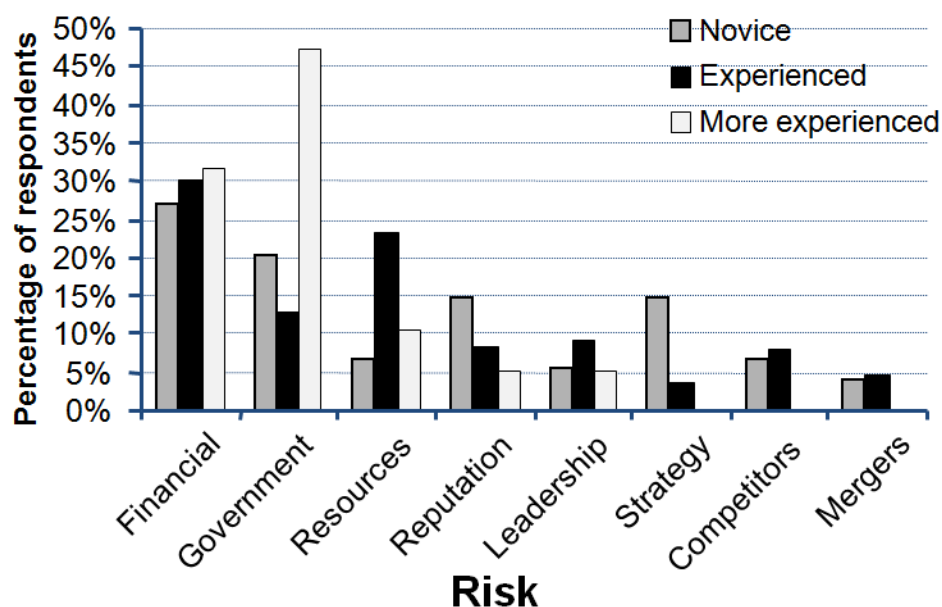


³ Proprietary research by Julie Garland McLellan 2007.

If you can have access to the board, or to an annual report that details the board members' experience, before you present then you may find it better to order your discussion of risks based on the relative experience level of the board. This is shown in figure 3 on the next page.

Experienced board members will focus very quickly on the regulatory (government) issues and the financial impacts; novice board members will ask about anything and everything. If you can find out before you can prepare. However, always remember that an experienced board may indulge a novice board member who wishes to ask many questions and that an experienced chairman may curtail discussion if he or she thinks the key issues have been addressed.

Figure 3 Risks as perceived by board members according to their experience



In many reports it is wise to avoid discussing issues that are risky, especially if there is little that can be done to reduce the risk. With boards, however, it is wisest to address all risks fully and frankly. This is especially true if you wish to build an ongoing relationship with the board. Boards will trust people who understand their role, know how they operate and address the issues that most concern them.

Tales from the trenches

Alastair had the following experience when reporting risks to a board: *As the Risk Officer I presented the top risks to the business based on impact but one was of a very low probability. The chairman told me to stop wasting his time over trivial matters that are not likely to happen. Even though the rest of the risks were all valid and should have generated discussion, the moment was lost and my credibility was lost. From that moment, any Business Continuity type risks were confined management and not reported at Board level.*

Take action: How might Alastair have structured his presentation to gain the board's approval? What preparatory work might have assisted in avoiding this problem?

TOP TIPS

Talk about the risks

Order your discussion of risks in line with the board's priorities

The 'style' of your board

Every group of people will develop its own 'communication style' or preferences. If you know how the board likes to communicate you can move your own style to meet theirs.

Think about your board before you begin to write. Are they professionally qualified? If so, in which disciplines? How much experience have they had with your particular topic?

Think also about the directors' personal styles. Do they appreciate brevity and clarity or detail and depth? Do they like to be reminded of things they already know, or do they find that offensive?

What is the boards' risk appetite? Have you confirmed that your paper discusses issues that fall within that appetite or are you asking permission to extend beyond the appetite for some reason and/or time?

What language does your board use? Do they like formality and complete sentences? Do they prefer informality and dot points?

What are their information uptake preferences? Do they prefer numbers, charts, or written explanations? Is there an agreed style or is each director different?

The more you can write to suit the board's preferences, the more easily the board will assimilate the information you share and the more they will appreciate your service.

Personal notes

Understanding the audience

Exercise 2

What do I know about my Board?

What are their learning/communication styles and preferences?

What words will I use to engage:

1) Conceptual preferences

2) Visual preferences

3) Aural preferences

4) Kinesthetic preferences

How is your company performing against its strategy?

How is your company performing against its peers?

What specific risks does it face?

What general risks are in the industry?

What is changing in the environment?

What does the board need to know to discharge its duty?

What is the board missing?

What challenges does the board face?

What does the board value?

How will I incorporate these ideas into my written interactions with the board?

What will demonstrate my credibility

Give each of these a score out of ten:

- a) Qualifications
- b) Job title
- c) Years of experience
- d) Previous interactions with the board
- e) Quantity and quality of process/work done
- f) Clarity of my insights
- g) Awareness of latest thinking on the topic
- h) Ease of reading my paper

Compare and contrast this with others in the group. What insights do you get?

Centro Case Study

The Centro case is a landmark legal matter that highlighted the importance of directors' duties and responsibilities in corporate governance. The case involved the Australian property investment company Centro Properties Group and its associated entity, Centro Retail Group. The core issue revolved around the inadequate disclosure of short-term liabilities totalling over \$3.4 billion in their financial statements.

In December 2007, the global financial crisis was gaining momentum, and the financial health of companies was crucial. The failure to properly disclose these substantial liabilities led to misinterpretations of the company's financial position. The Federal Court of Australia ruled that the directors had breached their duty of care and diligence under the Corporations Act by failing to ensure the accuracy of financial statements before they were released to the public. The board papers that the directors failed to read thoroughly were over 700 pages long. The inadequate disclosure was contained in note 23 to the accounts. The CEO and CFO were both criticised for not highlighting the information.

The court's decision was significant because it underscored the necessity for directors to read their papers, be actively involved in understanding financial statements, and ensure the accuracy of disclosures. Directors have a fiduciary duty to act in the best interests of the company and its

shareholders, which includes understanding the company's financial health and ensuring accurate reporting.

The Centro case prompted increased scrutiny of directorial responsibilities, emphasizing that directors must exercise reasonable care, skill, and diligence when overseeing a company's financial reporting. It highlighted the potential legal consequences if directors do not fulfill their duties diligently. This case serves as a reminder that directors' responsibilities extend beyond management decisions to encompass accurate financial reporting, contributing to transparency and accountability within corporate structures.

Questions:

1. What reporting practices might have prevented the Centro disaster?
2. How can you better report complex and extensive financial information?
3. How has your board's awareness of their duty changed since the Centro case?
4. What information do you need to highlight to your board that they might otherwise miss?
5. If you were a director, and could face court or prison because of your board's papers, what would you change?

Written Information in the boardroom

Although people worry more about the physical presentation of information in the boardroom, most boards take in their information by reading and use the meeting to discuss the information and ensure that all board members have reached the same conclusions. It is thus vitally important that boards be given good written information before, and occasionally during, and after the meeting.

What makes 'good' information?

According to Performance Reporting to Boards: A Guide to Best Practice published by the Chartered Institute of Management Accountants (CIMA)⁴ the characteristics of good board information are:

- **Relevance** - The information should be focused on the topic at hand. It should reflect the defined objectives and strategy of the organisation. It must not obscure the big picture with detail. It must be capable of being drilled down and sufficient to allow exploration of as many alternatives as are necessary for impartial action.
- **Integration** - Information presented should be consistent and should be managed in the same way as other information coming to the board in other presentations. It is important to refer to the same sources as other board reports and to use the same data in internal and external presentations.
- **Perspective** - Information should be presented in the context of a time line. Boards prefer to have a logical sequence in their information flows. Draw their attention to attention to historical, current and future scenarios wherever possible.
- **Timeliness** - Imperfect information (within tolerance) is preferable to perfect information that is so out of date as to be useless for taking decisions.
- **Frequency** - Different information should be provided at different times:
 - o Monthly or fortnightly reports should focus 'on critical success factors'
 - o Quarterly reports focus on qualitative aspects and have a broader coverage
- **Reliability** - Directors must have confidence in the information provided. Data behind information must be of good quality, trustworthy and unbiased. Name your sources and, if making personal judgements or assumptions, highlight them so that the board knows the information is based on your experience or expertise.
- **Comparability** - Actual performance should be assessed against benchmarks and targets. Reports should be prepared so as to allow comparisons to be made easily.
- **Clarity** - Text should be written in a clear and simple way. Verbal presentations should be given in normal conversational language.
- **Brevity** – directors do a lot of reading. They will appreciate a succinct report or paper.

⁴ http://www.cimaglobal.com/cps/rde/xbcr/SID-0AAAC564-307A53BF/live/perfrpttoboards_techguides_2003.pdf

There are three key information deliveries that most boards receive in writing for each board meeting. These are the board agenda, the board papers and the board minutes.

TOP TIPS

Check your information and make sure it is relevant, integrated, in perspective, timely, frequent, reliable, comparable and clear

Exercise 3

Summarise the following text in 50 words or less:

Checklist for dealing with new pay laws

The Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011, introduced into Federal parliament on 23 February, may or may not emerge from the parliamentary process in its current form. Nonetheless, Guerdon Associates suggests that boards should start considering the need to respond to its current provisions, if only because these provisions apply to remuneration report votes on or after 1 July.

Guerdon believes the actions required of boards and remuneration committees will include:

1. Identifying external remuneration advisers who advise on remuneration levels and remuneration "elements" for key management personnel (KMP), whether or not the advice is considered material. Because additional black letter law is still to come to define remuneration "elements", include advisers who advise on the extent of fixed pay, incentive pay and retention pay; performance measures and vesting scales; payment vehicles; recruitment sign-ons and expatriate allowances.
2. Establishing a process for the board or remuneration committee to approve consultants before entering consultancy contracts on KMP remuneration.
3. Identifying external remuneration advisers who do not provide "remuneration recommendations" (as defined in the new law).
4. Engaging an approved independent adviser and making sure there is a signed engagement letter that states:
 - That advice must only be commissioned by a non-executive director;
 - That advice be delivered to a non-executive director;
 - That advice not be provided to KMP;
 - That any work commissioned by management, including non-remuneration work, not be accepted by the adviser;
 - That the consultant is required to acknowledge in writing that management has not had any undue influence on recommendations delivered to directors; and
 - The basis of fees, invoicing and payment.
5. Amending proxy forms to allow directed proxies to revert to the chairman.
6. Including a resolution to acknowledge no vacancy to fill board vacancies and providing that the constitution allows for this.
7. Establishing a shareholder follow up process after each annual general meeting (AGM) to identify reasons for remuneration report "no" votes. Considering these, and resolving to address them if found to be valid. Reporting on outcomes of research and actions in the following year's remuneration report.
8. If the prior year's remuneration report resolution received a 25 per cent or higher "no" vote, including a resolution to spill the board in the AGM notice of meeting in the event that the "no" vote on the current year's remuneration report is also 25 per cent or higher.
9. Establishing a procedure for all KMP to declare that they and their closely related parties, have not entered into a hedging arrangement for unvested equity, or equity subject to a holding lock.
10. Ensuring that a procedure is in place to count and not accept undirected proxy votes cast by KMP on remuneration resolutions, unless that person is the chairman and has been authorised by the shareholder to vote the proxy on remuneration resolutions.
11. Ensuring the necessary disclosure is made in the remuneration report on all of the above matters.

Agendas

Every board meeting has a structure. At its simplest this consists of a start, a middle where the work is done, and an end. The agenda sets out what is included in each section.

The agenda is designed to assist the flow of information and to support the board's discussion. It should cover strategy, performance and compliance issues. The agenda may be prepared by the company secretary, the chairperson, the CEO, another designated board member, or a small team made up of any of the above.

If you are writing a paper for the board it is useful to know where in the pack your paper will sit. This can often be the same as its location on the agenda your presentation. If the agenda or content list for the board pack is not confidential ask for a copy; it is good to know what items have been read before your paper and what items will remain for reading after your paper. It may help your preparation to know what business has been completed and what business is still to come; you can refrain from repeating the same background information that is in prior papers which will help to reduce the length of your writing.

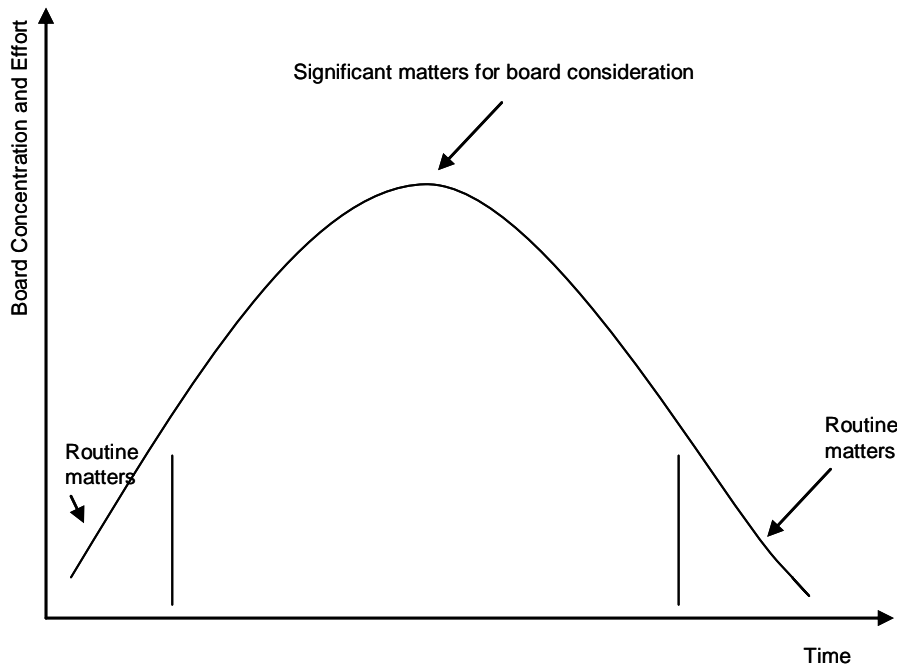
The order in which items appear on the agenda is not random. The most important issues are discussed first. Sometimes, this may change to suit the preference of that board or to allow for an important item to be discussed at length by placing it last. A typical board agenda may contain the following items:

1. The title and purpose of the meeting
2. The date, time, and venue
3. Attendance and apologies
4. Presentation by invited guest speaker
5. The minutes of the previous meeting
6. Matters arising from the previous meeting
7. The CEO's report
8. The CFO's report
9. Policy and strategic issues (each with its own paper)
10. Formal approval of matters brought to the board (supported by papers)
11. Subcommittee reports
12. Board correspondence
13. Any other business
14. Date time and venue of the next meeting
15. Presentation by invited guest speaker

Some boards like to have strategic and open-ended discussions early in the agenda, so they are not cut short by time constraints. Others prefer to run through compliance and regular reporting before devoting time and analysis to open-ended questions. Other considerations include the timing of presentations or "guest appearances" of non-board members who may have been invited to attend for one agenda item only. In the sample agenda above these guest appearances have been scheduled at the beginning or at the end of the meeting.

In his book, *Running Board Meetings: How to get the most from them*, P Dunne⁵, suggests that the meetings begin with routine matters, similar to a warm-up exercise before a sporting activity, then to move on to the significant matters for board consideration, before closing again with more routine matters, which might be likened to a warm down. The process can be illustrated as shown in figure 4 below.

Figure 4 The agenda bell curve



If you feel that your paper has been placed in the wrong part of the agenda make this known to the person who organises the meeting and see if it can be rescheduled to a more appropriate position. If the board feel that your presentation has been placed in the wrong part of their agenda they will almost certainly replace it in a position that suits them better. It is not a bad sign if discussion of your paper is brought forwards or moved backwards in time.

Another important aspect is the title that has been given to your paper in the board agenda. Wherever possible try to find out how your paper will be described in the agenda. A good and relevant description in the agenda will set the board up to take you seriously, read carefully, and to understand the importance of your topic.

The agenda is often issued to board members together with the board papers.

TOP TIPS

- Make sure the topic of your paper is appropriately described in the agenda
- Attempt to know what precedes and follows your paper on the agenda
- Refer to information presented earlier, rather than repeating it

⁵ Dunne, P, *Running Board Meetings: How to get the most from them*, 2nd edn, Kogan Page, London, 1999.

Exercise 4

Where does your presentation sit on the Board's agenda?

- Is it for decision or noting?
- Factual report or conceptual strategy?
- Internal or external focus?

What will be the likely physical condition of the board when they discuss your topic?

What will be their likely emotional state?

How will you adapt your writing to suit the board's state?

James Hardie Case Study

Another court case where the quality of the board's papers was criticized is the case involving James Hardie Industries, an Australian ASX listed building materials company. The case arose from allegations that the company misled the public and shareholders about the provision of compensation for claims arising from health risks of asbestos exposure in their products.

In the James Hardie case, the board papers came under scrutiny due to concerns about the accuracy and transparency of information provided to the board. The board had received a report estimating the future cost of the potential claims. This report was then revised with new data and a statement that the number of claims was continuing to rise and could not be accurately estimated. After the board had received the second report on claims numbers and costs, they were asked to approve a course of action based on the first report. In addition to approving that course of action the directors also, according to the minutes and the court judgement, approved a stock exchange announcement detailing the course of action and stating that a compensation fund was “fully funded” to cover “all future claims”.

The New South Wales Supreme Court found that the company's directors had breached their duties by approving a misleading statement. The court highlighted that the board papers provided to the directors did not adequately inform them of the true financial situation and the potential consequences of their decisions. The paper was tabled at the meeting and directors did not have time to read and consider it before making the decision.

This case brought attention to the importance of providing accurate and comprehensive information to the board. It emphasized that directors must have access to high-quality, transparent, and reliable board papers to make informed decisions that align with their fiduciary duties. The James Hardie case underscored the legal and ethical obligations of directors to ensure that they are fully informed and aware of the risks associated with the decisions they make on behalf of the company and its stakeholders.

Questions:

1. What process do you use to ensure that all people writing board papers have access to the latest and most accurate information?
2. Late papers do sometimes happen. What process do you use to alert the board that a new paper has been added to their pack?
3. Tabled papers are fraught with difficulty. What process can you use to ensure that directors have time to read and consider these?
4. At the meeting in question two directors were overseas and attending via telephone. How would you ensure they could read and consider the tabled paper?

Minutes

Boards keep formal records of their meetings. In these they record the decisions taken and, often, the basis of the discussion that preceded the decision. It is important that the minutes are accurate

and that they record the decisions taken in sufficient detail to enable management to act upon those decisions without recurring to the board for additional instructions.

Writing good board minutes is an art. You can assist the minute taker by identifying in your paper a set of words that you believe would be a good record of the presentation for the minutes. If you are building a persuasive case to obtain a certain decision finish the paper with a recommendation “That the board resolve to ...” This will enable the minute taker (if you are successful in obtaining the decision that you want) to simply lift the words from the paper and use them in the minutes. If your paper sets out options, you may wish to provide multiple resolutions for the minutes. You do not need to put these in the paper; just give them to the minute-taker as an aid to capturing the requisite information. This is particularly helpful for complex proposals.

Boards are independent and may well make a decision based upon an information paper or choose to defer a decision if they decide they don’t wish to make it at that meeting. This does not mean that your paper has failed to achieve its purpose. It is simply the board doing its job and exercising its power. Board members will still appreciate a good paper and a good presentation even if they vote against the recommended resolution. Even if the vote goes against you a well-written paper may well help you to build a reputation as a trustworthy professional in whom the board can trust.

TOP TIPS

Think about the minutes whilst writing the papers and preparing the presentation
Provide a well worded resolution for the board to adopt

Board papers

Boards cannot already know everything they need to know in order to make a good decision. They must become informed of all the things they need to know for each decision that they make. The main way in which boards gain information is through their board papers.

Many companies have standard templates for board reports. These help clarity, understanding and speed of reading; board members become accustomed to the template and more able to focus quickly on the key points because they are presented in an expected order.

Templates and header sheets

Templates frequently specify the length, content, and order of each piece of the report. For example; ‘All board reports shall be preceded by an executive summary stating the purpose of the report and providing a précis of the information it contains’, ‘The executive summary shall be no longer than one sheet of A4 with text of normal size and spacing’, ‘no board report shall exceed ten pages’ and ‘all board reports should be preceded by a glossary of any technical terms’.

When no template is available ask if you can have a sample of a report that pleased the board. This will let you know what style and length the board prefer. You may have to sign a confidentiality agreement before they will give you access to the paper, and you can guarantee that it will be a paper on a simple, non-controversial subject.

Writing Better Board Papers

Julie Garland McLellan

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Remember that there is no 'single right way' to write a board report. A paper that pleased one board may not please another. Where possible, if you write on the same topic for multiple boards, rewrite papers for each board.

If your paper is long and complex you may wish to consider making use of appendices. It is not uncommon for a board report to have an appendix that is longer than the report itself. The important factor is that all the information necessary for the decision should be in the main body of the report. Board members do not always read the appendices.

Graphs, charts and illustrations are always valuable additions to a board report. They can convey information more clearly than pages of prose. Most board members are sophisticated report-readers and will readily understand charts, flow-diagrams and complex graphs. Some board members have a personal preference for information to be presented in a certain format, such as a table of figures, dot points, or a graph. Ask about the preferences of each board member and of the board as a whole. If there is a wide range of preferences you may find it better to repeat information in different formats (e.g. graph and text, or numbers and graph) to meet the needs of your readers.

The paper must be written to generate the desired outcome. This does not mean that the board should be manipulated by careful selection and editing of the information included in their papers, although, sadly, that does sometimes happen.

Some templates require that papers be formally classified as:

- For noting – a paper with information that the board should have regard to in discharging their duties
- For information – a paper with information that it would be useful or nice for the board to have but that will not be required for any immediate decisions
- For decision – a paper calling for the board to take a decision based upon the information included in it
- For discussion – a paper about an issue where, although no decision is currently required, the board needs to form a shared opinion and which should be discussed until consensus is reached.

Many boards do not formally identify their papers in this way and just expect the board to understand what is required. They sometimes have problems when the board discuss an issue that requires a decision but don't make a decision as a result, or when board members don't discuss something which, when a decision is urgently needed, they find the board lacks a shared consensus on.

It is always wise to start the first sentence with words such as "This paper calls for a decision upon the awarding of a contract ..." or "This paper will be discussed at the meeting". This will ensure that board members are properly prepared to deal with the information in your paper and that your presentation will not start in the wrong way. Board meeting time is precious, and you should ensure that your paper makes it easy for the board to make effective use of the time allotted to your topic.

Header sheets are common in some boards. These usually will identify the type of paper, the author, the person responsible for the paper and may include sign-offs from other executives.

Tips for writing

For many executives, the first time they make an impression on the board is when their name is listed as the author of a board paper. If the paper is a good one, the executive will be noticed and appreciated. If the paper is not good, well ... let's not consider the potential consequences.

Suffice to say that you want to write a good paper if you want to become a person whose judgement is respected, and advice is valued, by the board.

Here are my top ten tips for writing a good board paper:

1. Start with a blank screen – don't edit something that was written for a different purpose. Write to meet the needs of your board.
2. Have a purpose – your first sentence should tell the board why they need to read this paper and what they should do next. Who, when, how and where are also good words to trigger your thinking about useful content.
3. Use a structure – most boards have templates. If your paper doesn't fit the template, structure it in a logical sequence and with length and placement of relevant pieces in proportion to each other.
4. Summarise – many boards like an executive summary as the introductory paragraph or section of their papers. That doesn't mean you can be profligate with your words elsewhere! Write what you need to say and then refine your writing until it is brief and clear.
5. Use graphs and charts appropriately – a diagram can convey ideas more effectively than text. If you need to use a paragraph to explain your diagram, it is a bad diagram. It should be obvious! Also, make sure you can read labels and that colours are easily distinguished when printed in black and white or viewed by colour blind people.
6. Provide context – boards can't breathe in a vacuum! You don't need to explain the global economy, you do need to set out the environment that surrounds the decisions.
7. Be explicit about where your facts and data may be lacking – avoid cherry-picking facts that support your recommendation. Provide a balanced view and encourage the board to consider the uncertainty as they make their decision.
8. Outline the risks – there are always risks. Every board will be looking for them. State the key risks and their mitigations and be sure to place these in the context of risk appetite and strategy.
9. Get outside input – boards like the executive team to discuss and be aware of the implications of the ideas outlined in their papers. Statements or signatures that confirm that the financial implications are agreed by the finance department, the learning and development implications fit within the HR and training budget, etc. will build confidence.

10. Respect the process and timelines – boards hate getting late papers or papers that have not come through the usual process. Check with your board or company secretary. Have your paper written and presented at least a day before it is due so that it can be included in the board pack and directors have sufficient time to read and consider it.

I have read (and still read) a lot of papers in the course of my work. I also write plenty of contentious papers. Following these tips has, in my experience, always helped to generate a better reception of the paper and more respect from the board for the person writing it.

Tales from the trenches

Jane was asked to prepare a paper for her board on the implications of a change in government regulation. *“There was just so much to say. It affected our revenue model, our cost structure, our ability to deal with customers. Almost every aspect of our business was impacted by the changes. I researched and wrote a forty-page paper that covered everything in what I felt was sufficient depth and was then told that board papers were a maximum of five pages long. I couldn’t get all the information into five pages.”*

Take action: How might Jane have uncovered the ‘rules’ about board papers before making so much effort to produce a paper that would not be accepted? How could you use summaries, appendices and recommended additional data sources to allow you to reduce the length of your written material?

TOP TIPS

Always ask if there is a template and use it whenever possible
Write a paper specifically for the board – don’t reuse old writing
State openly and clearly what you want to achieve from your presentation

Clarity of purpose

Start with the end in mind and keep it in mind for the entire presentation. Boards are busy and will not be pleased if you distract them from the important business of reaching consensus and making decisions.

It is always helpful to remind boards of the desired outcome as you start your paper. Set the tone for a productive and focussed discussion with statements such as:

- This paper will help you to understand the new guidelines on ...
- My company has been recommended to the board as preferred contractor for ...
- You requested a briefing on ...
- The board needs to develop a strategy for ...

Be sure that the purpose you state at the beginning of your presentation is the same as the one that is stated in your recommendation.

Now that the purpose of the presentation is clear state the two or three key points that the board must know in order to understand and/or decide upon the issue. Answer any queries the board may

have before outlining the structure of your presentation. It is important to address any issues or misunderstandings before you launch into your topic. Board members with a nagging doubt about an issue will find it hard to relax and absorb the information.

Present information reasonably quickly. Speed is stunning. Board members are usually very good at taking on new information quickly and very impatient if the delivery is too slow.

TOP TIPS

State the purpose of your paper

Ask if there are any queries from the board and deal with these at the front of your paper

Proceed at a good pace

Structuring material

Think about the material that you will present. What is the most logical arrangement of the material? What arrangement will be most persuasive? What information is necessary at the start of the presentation for directors to be able to understand points that arise later? You should, by the time you come to prepare a paper for a board, have a depth of expertise and a wealth of information on your topic.

Choosing what to put in and what to leave out can make the difference between a successful paper and a dismal failure.

There are many different ways in which to order your material. It is more effective to design a suitable structure and then to place the material into that structure rather than to gather the material and then rearrange it in the hope that one of your arrangements will miraculously make sense. Some of my favourite structures are:

- 4MAT – a compelling persuasive structure starting from the purpose of the paper, what is in it for the board, the facts, the future / next steps / plan, what else / what could go wrong, and close / call to action if appropriate.
- Threes – Three main topics each with three sub headings each with about 3 paragraphs of text. People can remember threes very easily. It is also good to advertise to the audience ‘there are three key points ...’ as then they will concentrate and look for the threes. Many politicians use this structure. A beginning, middle and end, are a prime example of a simple ‘three’ structure.
- The middle ground – this is a great structure for justifying a choice. You outline three possibilities, the two ‘outliers’ are each unacceptable for one reason or another and so the middle option becomes the preferred option. For example “we could provide a Hyundai Getz for our CEO but it might not be big enough if he had to drive customers, we could also provide a Mercedes which would confer status but may give the impression that we will charge high fees, therefore we have recommended that the CEO should drive a Holden Statesman which will confer status without being extravagant.”
- Concentric circles – zeroing in on an action or extrapolating out from it are also persuasive structures. For example “if our maintenance workshop is untidy customers may think that we don’t pay attention to detail, that would infer that we might do a poor job and they

would take their business elsewhere, therefore we will require the fitters to tidy their workplaces before they leave each evening.”

Having a structure will help you to edit the material. Anything that does not logically fit in the structure should be included in a separate section on ‘inconsistent data’. Do not distort the clarity of your structure to include additional data.

TOP TIPS

- Structure your presentation to suit your purpose
- Be prepared to change your structure to suit the board’s requirements
- Place material into the structure – if it doesn’t fit; Leave it out!

Prepare for questions

Make sure that you are able to provide additional information on each of the key points covered in your written board paper.

A good way to prepare is to go through the draft of your board paper and, for each paragraph, ask yourself ‘Yes, but?’ or ‘Yes, and?’ These two questions will get you thinking about ideas that could contradict your arguments or that will extend your line of reasoning.

If your aim is to provide the board with information, then both sets of answers are suitable for including in the paper; if your aim is to persuade the board to accept your recommendations then you have more work to do. The ‘Yes, and’ answers are suitable for use in either case. The ‘Yes, but’ answers will need to be countered if you are to build a persuasive case. See the examples below:

Statement	Yes, and ...	Yes, but ...	‘Yes, but’ countered
XYZ Co. Is the market leader in these widgets	Because of their market coverage they have the largest network of after sales service	We will not be big enough to be an important customer for XYZ Co.	XYZ Co. Are looking to increase their penetration into our industry sector and we will be a reference site for them
The regulator is investigating insider trades by directors	The penalties include fines, prison sentences and banning orders	ABC Co. announces director trades within 48 hours in accordance with exchange guidelines	The key issue is the information directors had before making a trade, not the speed with which trades are reported
Our preferred candidate has extensive experience with a major competitor	She knows your industry very well	We operate in a very different way to our competitor	She has been wanting to try new ways of operating but has been unable to get support for her ideas

Think about other information that may be useful. Make sure that you have a list of publications that you can recommend for additional reading on the topic and that you are aware of recent press coverage related to your topic.

TOP TIPS

Know the recent publicly available information on your topic

Extend your information; be able to go further if asked

Write a draft and then improve upon it

The process for issue of papers

Your board will have a process for commissioning, reviewing, and issuing papers. You need to know what it is and how to use it effectively.

For most boards the process will start with a conversation between the chair and CEO and possibly the company secretary about what information the board needs to responsibly make its expected decisions.

From that point forward the CEO and/or Company Secretary will commission the persons responsible for each paper. Those people in turn will commission the writer or may themselves be the writer. When you are asked to write a board paper it is important to take the time to ask, “Why does the board want or need this paper and what will they do when they receive it?” Without the answers to those questions, you have very little hope of writing the right answer.

This is the point to request a template or a sample of a paper that pleased the board previously, so that you can model your paper upon something that meets the board’s needs. It is also the time to ascertain the time available for writing. Ideally you want to finish your paper ahead of time so that the person you submit it to has time to read and review it and you can edit it if needed without delaying the issue of the board pack.

Many boards meet monthly. It can take up to a week after the meeting for papers to be scoped and commissioned. Most boards give directors at least a week of reading time between receiving their board papers or packs and the meeting. This is important because directors have a legal duty to make diligent, independent and specific inquiry into the matters contained in their papers before making a decision. Between the scoping and commissioning, there is likely a window of only two weeks for writing.

There may be a process of internal review before your paper goes to the board. This will erode your writing time even further. It will also allow your company to coordinate papers, keep all the executives informed, ensure that overlaps are minimised, and contradictions either explained or removed. Whilst it is tempting to skip this step it adds a lot of value.

Good directors will open their board pack almost as soon as they receive it. They will scan the agenda, determine which papers merit their deepest attention and plan their reading time. They will then start reading.

It is common for board members to have queries as they read. Your company should have a protocol for handling these. Sometimes there is a preference for all questions to be routed through the CEO

or Company Secretary and then passed to the individual paper writers. Other times the directors may ask you directly. It is a good idea, when responding, to copy all directors and the CEO in on the correspondence. Remember to restate the question and to thank the director who asked it. If all directors have access to the same information they can have no complaints about differential briefing or a lack of fairness.

Personal notes

Written Information

Tales from the Trenches

Laura was the Chief Human Resource Officer for a medium sized listed company. Her board had approved an ambitious series of expansion projects and one of her KPIs was to ensure that appropriate training was available for staff as the company developed operations in new areas.

She attends the board meeting each month and answers questions from the board about the skills development programs. At the latest meeting she was caught unprepared because the board had read a paper about a new AI enabled workflow system. Laura had not seen the paper as it was sent to the board as a late paper after the executive meeting to review board business and prepare for the meeting. Laura felt bad because the board asked how she was upskilling staff for a project she had no awareness of.

Take action: How could Laura, and her colleagues, ensure that this doesn't happen again? What could the Company Secretary do to help?

Demonstrating excellence in paper writing

Too many books on writing papers are about how to do an adequate job. In the board room adequate is not good enough. You must do an excellent job if you are to have a meaningful impact on the board's discussion and decision-making.

John F Kennedy once said 'The only reason to give a speech is to change the world.' The only reason to write for a board is to change their world.

As a strategic planner and professional board adviser, I have written many board papers, I have also been on the receiving end of a large number of papers written by others. Here are some attributes that, for me, separate the 'merely acceptable' presentations from the 'truly excellent' presentations:

- Demonstrable personal commitment of the presenter. This commitment must be both to the board, in aiming to help them make the best possible decision, and to the project or information that is being presented. Authenticity is immediately attractive. Slick papers from cynical presenters are very unattractive.
- A compelling plot, structure or story so that the paper seems to flow naturally (even though it has been carefully designed and constructed) and the reader remains engaged throughout.
- A presenter who can give 50 times more data than is presented (available from memory upon request) but who has edited the paper down to the essentials.
- Clear illustrations, demonstrations or useful similes and metaphors to help understanding.
- A real feeling of connection between the writer and the board. Respect, clarity, brevity, comprehensiveness, etc. will all demonstrate that you have thought about the board and how directors will feel when they read your paper.
- The author should be appropriately credentialed but should not 'grandstand' or oversell themselves.

- The board must reach the desired conclusion; not just the paper. It is important that the board members own the decision process, accept the information, and form their own decisions.
- If a board member asks a question and you don't know the answer it is not a problem unless the you pretend you do know. Admitting the limits of your knowledge is essential to helping a board gain confidence in your ability to guide them.

Case Study

BOARD PAPER
Commercial in Confidence

4 February 2024

Social Philanthropy Australia Ltd

Report Type: For noting

Agenda Item No.: 7

Subject: Provision of Mentoring Services

Responsible for Report: Phil Anderson, Manager Government Services

Purpose of report: To inform the board of the progress with SPAL's government contract for provision of mentoring services to agricultural outreach staff in rural areas.



Environmental Impacts: Reviewed and signed off by <i>pp</i> James Burke <i>Devarsi Hariya</i> James Burke, Facilities Manager	Social Impacts: Reviewed and signed off by <i>pp</i> Y Ming <i>Devarsi Hariya</i> Yao Ming, HR Manager
Financial Impacts: Reviewed and signed off by <i>pp</i> A Peters <i>Devarsi Hariya</i> Anthony Peters, Chief Financial Officer	Legal Impacts: Reviewed and signed off by <i>pp</i> Bill Rose <i>Devarsi Hariya</i> Bill Rose, General Counsel

QA check on report: D Hariya

Devarsi Hariya

Devarsi Hariya, CEO

Executive summary:

This report forms part of the contractual reporting obligations under SPAL's Agricultural Outreach Mentoring Program. Following board approval, the report will be issued to the Department of Agriculture.

Contract details:

Grant sum: \$1,300,000.00
Start date: 15/9/13
Reporting interval: Monthly report to be submitted to client
Report No: 5
Contracted completion date: 15/6/14
Expected completion date: 15/6/14

Progress details:

Percentage Complete: 63%
Expenditure to date: \$1,083,333.33 actual
\$ 600,000.00 budget
\$-483,333.33 variance

Milestone	Plan date	Actual
Develop interview proformas	20/9/12	15/10/13
Establish rural office	1/10/12	4/10/13
Contact 120 outreach workers	15/10/12	ongoing
Establish support website	1/11/12	ongoing
Establish monthly mentoring support for outreach workers	15/11/12	ongoing

Service Details:

The project field office is at Ruraltown. Preliminary interviews have been conducted with some 60 of the 150 outreach workers to receive mentoring services under this contract. Preliminary interviews indicate the project is much needed with many workers displaying classic symptoms of work-related stress and all participants keen to engage with the mentoring service.

Follow up interviews are undertaken by telephone and a website is available with information in the form of FAQ sheets. The project plan was for participants to receive at least a monthly interview and mentoring support. This has proved impractical due to the difficulty of contacting the workers when in the field. Redesign of the website and some email based support is being undertaken to counter-act this situation.

Grant draw down is currently running ahead of budget but we are confident that additional grant funds will be made available to cover the costs of the website redevelopment. The project liaison officer within the Department is aware of the difficulties in contacting field personnel and accepts that current performance levels are as good as could be achieved under the circumstances.

Questions for discussion

1. Is the executive summary a good one?
2. Is the level of expenditure to date a concern? What will board members be likely to ask about this? What additional information is required?
3. Will the project run out of funds before the work is complete? How can you allay suspicions?
4. Should the board authorise this report for issue to the government client? Is there any information here that is for the board only? Is there any information that is not here that the Government may require?
5. What additional information should the board request?
6. All the signature blocks have been signed by the same person (with a pp in front of the relevant signatories' names). Is this acceptable?
7. How would you feel if this was YOUR pre-reading and you were potentially personally liable for corporate debts?

Personal notes

Case Study

Prepared to succeed

The ideas and information in this manual have been gathered from a lifetime of experience. This experience is often hard won and uncomfortably gained. Hopefully the learning from reading will assist you in avoiding many of these mistakes. Do not be discouraged however, if you find that in avoiding the pitfalls and setbacks outlined here you discover other, alternative, ways to fail. Everyone learns through mistakes and experience. Good judgement comes from bad experiences and cannot be learnt by looking over another person's shoulder.

A personal message to you from Julie "As a veteran reporter to boards and as a board member who has read numerous board papers I have witnessed successes and failures. As a consultant I have coached and assisted many authors to give their written papers the best chance of success. Not every paper will elicit the reaction that was intended or hoped for by the presenter. Boards can, will, and do form their own independent judgements.

By thinking through the issues outlined in this training manual and by following a well thought out plan to address the issues you can ensure that your writing is pitched at the right level, supported by the right board processes, and delivered in the right way to grant yourself the best possible chance for success.

You are now prepared to succeed in writing board papers.

Good luck and enjoy! "

Recommended additional reading

Assertiveness and Diversity, Anni Townend

Boardrooms that work; a guide to board dynamics, Margot Cairns

How to Persuade, Michelle Bowden

How to Present, Michelle Bowden

Influencer: The power to change anything, K Patterson, J Grenny, D Maxfield, R MacMillan and A Switzer

Inside the Boardroom, Richard Leblanc and James Gillies

Perfect Phrases for Executive Presentations, Alan Perlman

Powerful Questions that Every Director, Executive and Manager Must Ask, Christo Nordern-Powers

Presenting Phenomenally, Derek Arden

Running Board Meetings, Patrick Dunne

Write to Govern; How to Write Effective Senior Management Reports and Board Papers, Mary Morel

About the author

Julie Garland McLellan is a professional company director. She receives many board papers each year from staff, consultants, high level sales people and subject matter experts. She is also a professional adviser to boards and writes many board papers, both to sell her services and to deliver information.

Julie has mentored many successful board-paper authors to assist them in reaching the desired level of proficiency for boardroom presentation. This training manual is written from personal experience, personal observation, and a long study of the topic.

Julie presents in-house and public courses on this topic. She developed the Australian Institute of Company Directors' course "Reporting and the Board" which is based on her book "Presenting to Boards". She also delivers the "Writing Board Papers" and "Minutes, Meetings and Resolutions" courses for the Governance Institute of Australia.

Additional information is available online at www.mclellan.com.au

Other publications by this author

All Above Board; Great Governance for the Government Sector, published by The Australian Institute of Company Directors, Sydney 2010

Presenting to Boards; Practical Skills for Corporate Presentations, published by Great Governance, USA 2011

Not for Profit Board Dilemmas; Practical Case Studies for Non Profit Directors, published by Great Governance, USA 2015

The Director's Dilemma, an online newsletter for company directors, published by The Directors Dilemma, available online at www.directorsdilemma.com