Webinar Transcript – How to think differently about whole of business governance

So welcome, everybody. Welcome to our webinar today titled How to Think Differently About Whole of Business Governance or Enterprise Governance.

My name's Sean McDonald, and I'll be your moderator for the next forty odd minutes.

Firstly, thank you for attending today. We always appreciate the effort you make to be here for our live webinars.

During the session, if you have any questions, please try and use the q and a on your toolbar.

It just enables us to cycle through the questions a lot easier, and we'll be trying to answer as many of those questions as we have time for.

If you stay through till the end, of course, which we hope you will do, and as is customary for our BoardPro webinars, we have a special treat for you. By answering a quick one minute survey at the end of the webinar, you'll go in the drawers with a beautiful gift hamper worth over four hundred dollars.

Last week's winner was Tuohy Summers of Te Rito Maho, early childhood New Zealand. So congratulations, Tuohy, and thanks for leaving, the feedback on our survey.

Now for those who are not too familiar with BoardPro, we are a board software provider that serve just over thirty thousand users around the globe across about thirty nine different countries, would you believe?

We enable organizations to prepare for and run their board meetings more effectively with less time and deliver more impact and value for the organization.

And as much as we are a board software provider or sometimes called a board portal, part of our wider mission is to make the fundamentals of governance free and easy to implement for all organizations, and especially those organizations with resource constraints.

So for the next forty odd minutes, just relax, listen, and add to the discussion by asking as many questions as you would like.

A full recording of the webinar along with the slide deck that you will see and a full transcript will be available on our website tomorrow.

They'll also be sent to you on an email just after our session today.

So let me have our wonderful team introduce themselves starting with you, Steven.

Hi, everyone. Steve Bowman from Conscious Governance. I've been working in the, board and CEO space for about forty years now, having been chair and director of a number of global organizations and CEO of quite a few and now advising in governance reviews and strategic planning and everything governance generally. Sonia, to you.

Right. And hello all. I'm Sonia Byers. What a great opportunity across the next forty minutes as we've heard to think differently about corporate governance.

This rich discussion led through Dean and Steven and myself really talks to us thinking differently about corporate governance. The word thrive comes to mind. That word, unlike other words in our vocabulary, comes from Scandinavia, and it includes grabbing hold of. And so it's important as we think through today's discussion to understand how we can grab hold of the information to think about governance differently.

And the lens that I bring to this discussion is one of a non executive director and governance consultant. Thanks, Dean.

Well, I love that, and I've just learned something. There you go. I'm ready.

Hello, everybody. This is obviously a very big topic, and I will just make some prefacing comments. I'm I've always been interested in in operating models. I come from a strategy and transformation background as well as, background in in governance, and you can look that up on LinkedIn if you're if you're curious.

This is deliberately an intended approach to tackle a topic that all of you, I suspect, are very aware of.

Perhaps you've got different ways of inquiring about it, of reaching into it, etcetera.

But for me, the essence of governance isn't just what the board does. It's what the whole joined up enterprise does.

And so the topic today is going to take us a little bit out of the boardroom and think about the health of the governance system of the enterprise. And by enterprise, I mean, board and executive.

And, there are a couple of key takeaways that I hope you'll leave the session with, and we will explore each one of these.

Zero point one, be deliberate when making design choices. On the fifth of September, I ran a session with Broadpro on fit for purpose governance deliberate about designing or redesigning your governance model at the board level based on your context, the stage of maturity of the business, the complicatedness of the business as well as its markets, its purpose itself, etcetera, etcetera. So this message about being deliberate with design choices is a continuance of that theme. And in this case, the design choices that you need to make with the executive about how you wire up the governance of the enterprise itself, not just what the board does.

Second one is obviously, implicit in this. It's not just about boards. And there are three critical gaps that can emerge, which we'll talk about shortly. Thirdly, think about governance as requiring a set of capabilities.

Capabilities are a mix of process, skills, structures, data, technology, etcetera.

And, therefore, governance isn't just about having structures on the board. It isn't just about having board processes and papers. It's about how you bring all of that together in the enterprise.

Fourthly, capabilities are not just about process and structures, as I have just implied, or roles, but skills, behaviors, ways of thinking, level of vigilance, and a whole range of other soft system factors.

Fifthly, you obviously, and all of you will have policies in place, etcetera. But how do you make sure that that system is properly cascaded down the organization and applied, followed across the organization?

And lastly, for that reason, treat governance as an integrated joined up discipline, not just something that the executive does, not just something the board does, but a integrated set of disciplines as sort of a yin and yang, not two parallel universes that periodically talk to each other. So those are the key takeaways that I hope will resonate through the session. This is a huge topic. I'm gonna go fast. I obviously am relying on Steve and Sonia to interject as well as the questions to keep flowing. Now we've all got definitions of corporate governance ranging from a system by which companies are directed and controlled.

They've raised the question, how different is enterprise governance? There are lots of definitions of that as well. And, you know, take your pick if you like. I try to use a more outcome based view, which is it's the system of hard and soft elements by which you assure, you can't always ensure it, by which you assure or gain justifiable and defendable confidence.

So as a board member, what gave you confidence that these things were working? Right? And that the enterprise is consciously, I e, deliberately, not just by accident, not just periodically, it's consciously making the right decisions.

Right? And, obviously, these means they're defendable commercially, legally, and ethically, and or taking the right actions.

Right?

And, critically, you're doing so at the right time. You're not doing so too late or perhaps too early. You're doing so at the right level and by the right people. The people with you know, who are accountable for certain things are standing up and making those decisions. And you're doing it on the right things, the most material things or topics and with the right information.

And all of that's aimed to achieve the right outcomes for the right constituents over the right time frame. It's a definition I've sat with a lot and sort of polished over the years, but it works for me. It doesn't necessarily need to work for you, but I think about enterprise governance as the system of processes, structures, data, behaviors, etcetera, etcetera, that gives you confidence about the decisions and the actions being taken, within those parameters. Thank you.

Dean, if I can if I can just add to that too. In what we see a lot of is that there's a lot of talk about board governance, but very little about the enterprise governance because I think the most important thing I've heard you say so far has been that phrase, this is bringing it all together to make sure that everything works together.

And what we often find in the governance reviews about Sonia and I do is that there's a a big mismatch between, for example, you know, the board meeting and the strategic plan, the strategic plan and the operational plan. The policies sit by themselves and not really used for anything. So there's a whole range of different things in there that if we start to look at this from an enterprise governance of, yeah, how do these all fit together and do they work really well?

The organizations I know that have done this well have said that it can take thirty to forty percent of the time of staff of having to report or to comply with if everything is actually working really well together. So I'm very excited to explore this more with you.

Yeah. And I think that Absolutely.

Yeah. To add to that, I think your words of changing ensure to assure is a really important distinction for our audience listening because a lot of people expect corporate governance to ensure. It can't ensure. Like we said, it's a framework. Thank you.

Yeah. No. No. Absolutely. And and to your point, it's about having defendable, justifiable confidence, not just, oh, well, it sounded okay.

You know? I prodded and poked at the right time to to to show myself. Alright. So, Steve comments point to a set of fracture lines that I, used to and I find this a useful construct.

The original idea came from a a professor, Andrew Kakabazzi, who I've collaborated with. He hasn't quite put it in this way, but it hopefully, it works for you. At the end of the day, because this needs to be joined up as we've started to say, you've got a fracture line number one that emerges between what your shareholders are telling you are is really important to them, their expectations, and of course other classes of stakeholders, what they're telling you, all that signaling, all those conversations, and how the board interprets that and translates it into a response. And that's the first fracture line where there's a disconnect, a gap between board and critical messaging from other constituents.

Now, obviously, some of it you deliberately have to ignore, push back on it, but that's another conversation. So that's the first structure line. The board hasn't read the memo. Right?

Or it's tone deaf or whatever you want to say. The second one is then how the board articulates that, converges on what's really important, and shares it with the CEO and his or her leadership team.

Have they actually translated it in a way that the executive actually get it?

Right? Through dialogue, through negotiation, whatever, but they actually have got it. There's no second fracture line. The executive team understands what is critically important to the board and why and what they need to do about it. And the third fracture line is how the executive cascades that down to middle management.

Right? And that it's not lost in translation or it's understood by middle management, but through distraction or prioritization of other things, it doesn't get adhered to. That's the third fracture line. And then, of course, all of this needs to flow back upwards to the board.

So the executive team isn't blindsided. It's not just that they initially want to do, you know, obfuscate with the board or mislead them. Sometimes they are genuinely blindsided. So how does that governance gap at fracture line three get addressed?

How does it get stitched together so that information about we're doing what we agreed, we're doing what we said we would do, and here's how we're doing it, and here's how it's going? That flow back upwards is working effectively all the way up, up and down. So I'll stop at that point. I don't know whether Sonia or Steve want to reflect or add to it.

I think I think doing for me, we're highlighting here the importance of communication and understanding how to communicate with different stakeholder groups. It's not the same. That's what I'm hearing from you. Yeah.

Yes.

To the The other part the other part of this is the the the gold standard that many organizations are are still grappling with trying to work out is how do we make sure that everything that we report on or measure in our organization is ultimately ultimately make sure that our reporting is fit for purpose and our monitoring is fit for purpose so everything fits in with everything else rather than having to do things separately for the board or separately for the executive team?

Exactly. Exactly. So all of this stitches back then to if we could just stay on that slide for one one more minute, Sean, and then we'll crack on. Stitches back to what I call no surprises governance or limited surprises.

Right? Everybody knows up and down the organization, where the risks are, how we're responding, where the opportunities are, how we're responding, how we're pulling together. So it's it's as free of ugly surprises as one can possibly hope for. You can never guarantee it, but as one could possibly hope for it.

I use a very simple meme in my head, and I'm I know I'm being deliberately simplistic here, that if you think about this as a sort of a two or three storied house, we've got the board maybe the board is the the matriarch or patriarch of the family living up on the third floor or in the attic, right, of the house. An attic looks pretty nice. It's all sort of sorted out and you very rarely venture out of the third floor.

How do you know that the electrics are working downstairs, the plumbing is working downstairs, that everybody's playing nicely with everybody. Periodically, you venture out of your room and you shout, is everybody okay? You know, the food comes up to you in the attic. It tastes okay.

You haven't got ill. But how do you know who's really cooking it and how long it's taking? You know, is it done healthily and safely etcetera. You don't know.

Periodically, as I say, we might venture out. So how do you inform yourself? And sometimes we're the cranky old matriarch or patriarch at the top. But how do you know that's what's being served up to you, the board papers and the information, how do you know that that's not just, built around a wobbly foundation with dangerous wiring, etcetera?

So I kind of use that analogy. What do you do to inform yourself as you're up in the attic when you can't always get out of the attic? Anyway, maybe that analogy doesn't work for you but I think we all understand the problem. So fit for purpose which is a topic as I said from last month and you can go look at the webinar, if you missed it.

Part of that is about knowing the processes can be relied upon, the systems can be relied upon, the ways of working, etcetera, can be relied on. So, for example, just take some what we might call enterprise level processes like strategy development, strategy execution, capital allocation, and project management.

These are sort of major processes that run across all organizations.

Some organizations that are small may have very little formality. They may not be documented.

They may just be in people's heads.

And that's okay as long as people know those processes exist. They're knowable, and, generally, they can be confident that they work. In other organizations, they have what's called process governance with the process owner, etcetera. If any of you have worked in SAP organizations, you have process governance. So those processes are direct beneficiaries of the board.

Right? So knowing that those processes are working, how do you know that? What is the metrics you ask for?

Do do the fact that they can't show you a process manual doesn't necessarily mean it's not an effective or efficient process. It just means it's not documented. So it's not a train smash, but how do you know it's performing as you need? Because you are aligned as the recipient or customer of those processes?

So is there a question asked regularly to the executive team about the process blueprint and how it's performing and the systems blueprint, etcetera, etcetera? So there's just one way of thinking about this. I'll stop again. Steven, Sonia, you may wanna chime in.

Nothing from me.

Nothing from me. Thanks.

Okay. Good. Good. Good. So the key message there is an artifact or a a process map is interesting, but not not necessarily reassuring.

It's really a conversation about tell me that process. How's it working? How often does it happen? What are the outages, etcetera? Alright. Move on if we may. Thanks, Sean.

So and, Dane, just in just keeping that on track. I just like people to keep in their back of their mind, the process of internal audit in all of this. Because most most people, when you talk about internal audit, they think about this huge, you know, almost secretive little group within the staff itself that only report through to the board and has got four shadowy figures that happen to be part of the internal audit committee. That's something.

It doesn't have to be that way. It's just a process that essentially says what Dean is saying, which is, okay. So we say we've got these policies and processes in place. This year, here are the two that we're gonna do an internal audit on.

Now you've got six months to get them to where they need to be. And at the end of that six months, you do an internal process saying show me show me show me show me. And at the end of that, hopefully, what they've done is that they've got it to the extent where they're very comfortable showing you. After you've done that for a year or two years with a different, different, policy or process that you're following through, then you've got comfort that things are actually happening the way they should be because you've asked them to focus on it.

Dean, back to you.

You No. Absolutely. And, you know, if you look at those lower two processes, the audit committee will generally have a pretty good sense around the level of manual effort and heroics required to put out your management reports, and how reliable they are. But they don't always you don't always know just how much manual effort and rework is required.

Auditors may periodically tell you. The same with the performance reporting. We all know that we get these board packs, and you just sense that a bunch of executives have had to spend days grinding through it, at the cost of all sorts of other things. And you don't necessarily know how accurate the performance reporting is, but you just get a sense that the manual effort is extraordinary.

And other times, you don't know. It just rocks up and you think, you know, everybody's smiling and you think, well, must have been alright, but you don't actually know. So you've got to make those inquiries around each one of those processes. It gives you assurance.

And because governance is also about accountabilities, sort of just pulling on that thread of process governance for a moment, you need to be clear where the decision making rights sit. So knowing that there's somebody who's maybe accountable for the performance of the strategy development process or the strategy execution project processes or the, project execution processes, the implementation, etcetera.

Who's got the decision making rights? So we've got DOAs, delegations of authority, but I've put in the bottom right hand corner a an artifact from what's called the rapid, sort of designations. It comes from Bain. It's like a raskey.

But who's the decider?

So when it comes to setting direction, is it with the board? Is it with the CEO? Is it with the CFO? Who's got the d? Who needs to be simply consulted? Who needs to agree, etcetera? Have we worked through that for our major processes?

It's all very well saying the CEO's got delegation of authority around the strategy direction, but have we understood where everybody plays and who actually has the d, the decider?

And how they work together around that process by process or even within your major processes. Is it all clear? I'll stop again. Anything to add, anybody, Sonya? Keep going.

I think probably just in the Australian context, Dean, we've just seen, some key examples across the last couple of years of that d decide either sitting with one person or sitting across too broadly.

So it hasn't actually been honed to be effective to your point. We can't have one person directing a whole enterprise without oversight, and we also can't have too much collegiality so that no one decides at all. So it's it's actually not as simple as what it sounds is they're getting that deep right. Yeah.

No. Absolutely. And I mean, I've, you know, if you just think about for those of you who've been involved in mega projects, huge capital projects, people sit on these stair codes, and it's not clear if they're just making recommendations.

You know, you have to listen to me. It's my voice. But my voice is no different to Sonia's or Steve's or Sean's in that meeting. We are there perhaps just to contribute, to provide input.

But the d sits with the head of Steerco or the project sponsor and often there's a lot of confusion about what our decision making rights really are. Are we just being advised? Are we being asked for our views? Are we being consultable, etcetera? Sorry, Sonia. About think about it.

I was just about to say again in the Australian context, we're seeing it's certainly, the bringing in of advisory boards and where we've got a governance board.

Yes. So starting to work with clients where we haven't quite got that balance right again. If you've got a governance board and an advisory board, where does that ultimate decision making sit? Who decides? So that's, again, another complexity. Yeah.

Well, we have a question that's come in from, Caleb Dean.

Go for it.

He asks for an internal audit, how would you effectively structure that to get the right outcome? What are the what are some of the keys to this gaining the desired outcome for the board?

Steve, do you wanna chime in? You're the person who asked the board question, Adrian.

Yep. The main thing is keep it really simple.

When we used to do this, we we would have a staff of thirty, for example. We would allocate a couple of staff and a director and possibly an outside person to form a task force. They would get together. They would give the staff, six months notice of the two areas that we'd wanna focus on this year. It might be on membership or it might be on receiving a sponsorships or it might be stakeholder engagement.

We then ask to see all of the policies and procedures, there. We give them six months to whatever clean up whatever they need to clean up, and then we'd literally go in there and over a day ask them to show us, show us, show us. Where's the paper trail? Where's the evidence? Where's all of this? And and the staff actually really enjoyed it because it gave them a focus for that period of time to make sure everything was squeaky clean. So it's a it can be quite a simple process.

Dean?

Well put. Obviously, we all know that there's only so many tasks that have been given to an audit function internal audit function at any one time to Steve's point. Maybe it's two or three themes for the year. So one of the other things one can do is actually work with the audit function to say, what are the key health indicators that we can ask some of our major process owners to provide to us or some of our systems owners to provide to us that doesn't require an internal audit this year or next year? But, actually, they're just health indicators. So, just rolling for board where we had a clinical governance committee, and so they were all into the patient care processes, the aftercare processes, etcetera. And they used to ask for the health indicators around those processing systems themselves because you can't wait initially for a year or two until you made onto the internal audit, roster.

Thank you, Sean. I think we're good on this one.

Alright. I I alluded earlier as one of the key messages about having the set of layered or nested systems.

And I've kind of used the sort of a seven p model. Firstly, our governance philosophy. How do we govern here? Is it by group consensus, to Sonia's point, or is it single point accountability?

Is it by, deep trust? And And how do we build that? Is it through a minimalist approach to governance? We're just worried about compliance and risk.

Or, actually, is our governance process quite inclusive, quite broad? We're worried about elements of stakeholder capitalism, etcetera. So what is our philosophy? And very importantly within that, how do we see our role of the board?

How do we see the role of the executive? And just writing it down, why are we here as a board? Why is the executive there? And where do we meet in the middle is really important.

Obviously, obviously, you need a set of policies and not too many. I've been involved with a board that's had about a hundred and thirty policies, not because they're all true policies.

What we might call practices or processes or sometimes procedures, we're sometimes called policies. So how do you get down to the critical few and then cascade them so they're supported by the practices and protocols, the processes, the procedures? And how does that all work together over the most salient aspects of the business?

And then on the right hand side, what are the parameters that we need to perform with so that you can use the word standards or parameters if you like? What are the standards that are required for each of those processes in the most salient areas? Again, salient and material. And lastly, and most critically, the last p, what is the personal conduct we expect?

Because we can have all these policies. We can have all these procedures. We can have all these standards. But if people don't know where the guidelines are about what's expected and what is accepted, then you're in a world of pain.

So everything rests, in many ways, in my head, of those soft systems around personal conduct.

Because the wrong personal conduct is not gonna save you from any number of processing procedures. I'll stop again. I see there's a question. But maybe Sonia and Steve, you wanna chime in.

I think it's a good question.

Sean?

I'll just take the quest oh, yeah.

I'll just take the question on, Steve. Yeah. This is from John. How does this approach apply in a situation involving holding company and multiple subsidiary companies?

Right. Should I have a crack at it? Go, Dean. It's of course, it's complicated. Right? Because depending on the, the controls that that the holding company is planning to have in place. Let's assume they, wholly owned subsidiaries and not, you know, ventures of different kinds.

You know, the holding companies can can house procedures.

If it's more of a conglomerate structure, if it's absolutely a, an operation where you've got different regional operations across Australia or overseas, but you want tight control, then all of those things need to be synchronized. That there are standard policies for how we deal with our people, how we deal with our customers, how we deal with safety, etcetera, etcetera. And you've got to make sure that that consistency, that golden thread of logic is woven through, which is a big task. But depending on your control system, it can be rolled down from on top saying, here are the policies, here are the processes, here are the procedures.

You may want your own standards, but this is what is acceptable. So it's it's can be hard work, and it can be particularly dangerous when you're making acquisitions where every one of your acquisitions may rock up with its own seven elements here. If you wanna integrate it, then you've got to work out selectively which of these levers you're gonna pull hardest and when. You may deliberately want personal conduct to be slightly different because one of these little ventures is highly innovative and, you know, you've got a different risk profile and that's fine. But other behaviors like how we talk to each other or how we, deal with harassment, you know, absolutely consistent. Anyway, long winded answer. It's it's unspecific, but it's a it's a it requires effort.

What what I found with a number of organizations that actually have subsidiaries or separately, yeah, separately incorporated companies, but the main body is the only member, for example. The use of service level agreements goes a long way to help actually sort that out. And if you haven't come across what a service level agreement, do a bit of research on it because I've seen many organizations use these, exceptionally well where the the the the larger parent body provides services to some of the subsidiaries. But there's a very strong service level agreement in there about what that looks like.

The harder part the harder part is not just engineering that's making those deliberate choices and then cascading it. The harder part is getting the optics that in that subsidiary over there in geography x or geography y, actually, those pros are not being followed.

That's the harder part to get the optics. And there you need all sorts of of, you know, levels of vigilance. Could be systems. It could be, reporting communities, communities of practice that have to report on the health and coherence, etcetera, etcetera. But it's a far harder challenge not to cascade these, but to know reliably with justification that it's being lived out the way it ought to be lived out. And that's the hard part.

No easy answers there.

Alright.

So, before we conclude, right, we're all, reminded of a of a of a, a lovely quote one of my earlier clients used to say to me in the project governance world.

He used to say the success for a project manager is to live in a state of chronic unease.

Success for a project director or managers to live in a state of chronic unease. In other words, continuously worrying about what do I enter? What should I be worried about? What am I not being told?

Etcetera. And I think for us on the call, the directors, or maybe Cosex, we understand that little bit of that state of chronic unease. We're up in the attic, and we don't know whether the kids are fighting or mommy and daddy are just being terrible to the staff, or being horrible to the tradies. We just don't know, the tradies being our customers or our suppliers.

We just don't know. So how we've got a step. Either we gotta live with that state of chronic unease, and we're continuously inquiring, prodding, poking, testing, and getting other people to comment.

Or we just sort of worry, which is the first one. Do we, as a board, just sit there worrying and discussing whether we're getting the right information, or do we actually take conscious steps to check into some of those elements? So I'll stop at that point because I think it's worth just getting a reflection on how, as a board, do you get that justifiable confidence or do you take it to some degree at face value? That's the big unanswered question. When we're up in the attic or on the third floor, how do we know?

And particularly, we don't even know within our own house. What if there's a second house in that geography or a third company in that geography? Knowing across that is far harder.

So I don't have easy solutions. I do have some suggestions to make, which I'll weave in here.

But perhaps what I can do is we can just move on to the last question and the last slide if you don't mind. And this one is one we've alluded to earlier in a way.

We've got board governance which most of us understand and we're practitioners of. We're continuously learning and honing our skills. Then we've got the executive governance layer.

And in no particular sequence, we've got risk governance and how that's managed. We've got all manner of functional governance, how finance is governed, how IT and HR are governed. Then we have other domains which also use the governance word. We've got project governance over major projects or transactions.

We've got IT. We've got data. We've got clinical. If we're in something else, we've got etcetera.

So all of those little governance systems that tend to spawn like wildfire around organizations, how do they get integrated? How does the information flow? How do they have a consistent philosophy and approach that fits into the whole enterprise governance system? And that's something for you to discuss and work through.

Otherwise, you have these little cottage industries or offshoots that do things in slightly different ways.

So my simple message before we start wrapping up is and I know there's a simple message because I don't mean to be simplistic about this because it is complicated, is ask for those process blueprints.

Ask for health indicators around particular processes. Ask for the systems blueprints.

What do those systems look like? How do we know that they're interfacing properly? How do we know that they're working reliably? What are the health indicators around those?

Obviously, when it comes to accountability, it's not just the DOA.

Tell me how decisions are made here. Who makes them? How the DOA is cascaded in a rapid or risky framework or some other variant. Right?

So how do these domains then come together? How does the process work with the system, with the delegation of authority, with the data? How do these all get integrated, or are they standing stand alone in their own little worlds?

And then, of course, using that house analogy, speak to the cook. Yeah. Speak to the gardener. Ask the tradies.

Ask the visitors to the house what it's like. You can't just be told by the parents downstairs that everybody's happy.

And I know that I'm being incredibly glib, but we need to find those other mechanisms. Sonia was alluding to them. You know, getting advisory boards in place, putting in nodes or community groups who can tell you, or customer groups or supplier groups so that information isn't just beautifully choreographed or, controlled by the executive. But, actually, you can say I'm justifiably, definitively assured. Sorry. That's my reminder to stop.

So etcetera. How do you get all that confidence? Sonia, over to you and Steve to make concluding comments, I think.

Yeah. Dean, I think that question that's been asked around how does the board not go too deep, though? How do we not cross into management?

So listening to you, I think we could respond to that question because as you've said, when every assurance Yes. That we not become a second layer of executive.

And this is really challenging when the regulators are suggesting that it's not enough to be told. You've got to see for yourself. So, we're talking at the boards that I chair around having rules of engagement, actually understanding what is appropriate, what what are the measures that directors should be taking to seek to balance off seeing for themselves vis a vis not impacting management.

Steven, what are you seeing in that space? How do we get that balance right?

The single biggest tool that I would recommend to anyone, in in this is is to ask a very simple question. The simple question is, what's the strategic issue behind this for us as a board? Rather than the activity, rather than the just the insure the assurance, Ask yourself, what's the strategic issue behind us for that? And then start to dig into what that strategic issue is because then how you monitor and measure that is different than how you measure and monitor the actual activity itself. So that's a that's a very, very powerful yet simple, question. Now sometimes we're asked about micromanagement.

You know?

What you know, we never want to micromanage. Well, hang on a second. Sometimes we have to, but there always has to be strategic intent behind it, not just because I think I'm a better manager than the staff person. So what's a strategic issue behind this is is a is a great iterative way of actually elevating the level of, monitoring that the board has. So that's that reply to that one.

And, again, I think it is perfectly legitimate. I mean, obviously, you wanna get out of the attic, whenever one can. But it's perfectly legitimate to actually say to the CEO, the CFO, the leadership team, please give us confidence that the right processes are operating in the right way at the right time. You tell us what your health indicators are. What gives you confidence? And you don't have to demonstrate the processes to us, but show us those health indicators.

Show us those systems technology indicators.

Show us the decisions are being made. Show us you know, we get cultural reports very irregularly. You may get feedback on, you know, staff surveys, but actual cultural feedback about do we trust each other? Is the family playing nice together? You know? Are we working together?

Is that what you need?

So you need to ask for it. Sorry, Sonya.

That's alright. The other question that stems on from your discussion today is around how do we who's that role within the organization? Who should be looking internally to say, are we complying with our internal processes? It'd be my view that's certainly the role of the company secretary now. That that role's moved from more from a compliance focus to certainly performance orientated, and they should be holding the executive to account and reporting through to the board. So would you Steven or Dean, would you agree with that? We've got a contrary view.

Yeah. I'm finding company secretaries in particular are are being very, very good about this because they wanna continually add value. The other the other thing is I've seen the creation. I'm just dealing with one at the moment where they've got a, a, a governance manager.

It's not quite her right title, but she's absolutely brilliant. And she'll go through and she'll look at all this stuff and not just make sure we've got it, but make sure that, it makes sense that we're using it. And if we're not, then let's change it so that we do. And the policies we've got in place are actually governance policies. Now how do we know that they're appropriate? Is our yeah. So there's so what she's doing is she's actually creating the culture and the environment for the board to look at the assurance side of things as part of quality control rather than just compliance.

Beautiful. That's a lovely example.

Let's, tackle this question here from Florene, guys.

Florene says, can the panel provide their thoughts on how to effectively integrating good communication governance into business plans in order to collectively navigate the complexities of decision making models.

Thoughts?

I'm still reading it.

It's a long question.

Yeah. Look. There's there's there's a couple of things in there.

One of Dean's powerful messages is it's everything's gotta be fit for purpose. So, for example, there's one organization that I know that are having some difficulty understanding the culture. And whilst there wasn't anything wrong, the board didn't have the comfort it was where it needed to be. So what they did is they, ensured that there was going to be an exit interview for all middle to senior managers, and a director would be part of that exit interview. But as a person, not reporting back to the board, but just getting an insight into what was actually happening. And they have found that has been hugely helpful in, keeping a finger on the pulse of how things are going.

And, the directors are really enjoying that capacity because it's not there as a as a control mechanism. It's there as an assurance mechanism and as a an insight tool that they can use. That worked for that organization. In in others, a compliant schedule, not just a compliant schedule, but here are the things that we have to comply with.

What have our near misses been? What have we learned from those near misses? What else could we do to put in place so that we don't have near misses? So compliance becomes not just a report.

It becomes, again, part of this whole quality assurance, continual quality improvement mindset that you can bring into the organization.

Sonia, Dean?

I'll mildly agree. Nothing else to add to that.

Well well put. I did see a question pop up about, not just the communication, but but some aspects of of transparency.

I, there's a very interesting current article from Harvard Law School, not Harvard Business School, about the Netflix example. And I think one of the most important conversations one can have a ball at a board is how do we value transparency.

They use an example of a organization that that's way out there in terms of transparency, which is Netflix with Reed Hastings, Radical Candor.

But, for example, they ensure that the transparency exists in a couple of ways. One is drill down into the MIMOs, this thirty page, forty page audit report that they produce. It's called the MIMO. You can literally draw drill down into the source data to understand where it came from.

There's no hidden database, I believe. You can go straight in as a board member. If you're curious, you can drill in. Secondly, they have the face to face engagement that the board members attend quarterly business reviews.

Two board members can attend those.

The quarterly executive team reviews, there are about seventy executives, and two board members attend there just to listen in and engage. I mean, Amazon's a vast behemoth, but, there are all sorts of ways, but it's under the guise of transparency to the CEO. How do we you know, we don't we're not here to do your job for you. We're not here to try and find you guilty, but we need the justifiable confidence.

We need to develop it. Help us develop it. What can you, mister or missus CEO, do with us, the board, to help us have the justifiable confidence? I think that's a very important sort of step one conversation. Anyway, enough from me, I think, Sean. We're on time.

Thank you, Dean. So thanks, everybody. We're at the end of the webinar. A recording of the top today's webinar will be available on our webinar page on our website. You'll also receive a copy via email, which will include the slide deck and the transcript from the webinar today. Yep. So we have a great lineup of webinars through till Christmas, so keep an eye out for your email invitations for those.

As I mentioned in my introduction, we do have a special offer at a sorry. Not a special offer, a special treat for you.

Don't forget to complete that one minute survey. Go into the draw for our beautiful gift hamper, and we'll announce the winner sometime tomorrow.

So thanks again for your attendance, everybody. I hope you enjoyed the session. Thank you, Dean, Steven, and Sonia for your conversation today. I look forward to seeing you all at our next webinar, everybody. Take care.