

Get Right or Get Left

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Last week I started my list of the key areas that a good board needs to get right. A good board needs the right people working through the right structure of meetings and committees with the right information. Next, on my bill of “rights”, a good board has to have the right processes. While board structure relates to the number of members, meetings and committees, process refers to what happens during the meetings. A good board needs to have a well organized agenda, commitment to a code of conduct, and right chemistry for discussion and decision making. A board of directors is a team and great teams do not develop automatically. The board must develop processes and routines that ensure participation, open discussion and effective decision making. The board chair is a key player in getting board processes right.

The board also needs to be applying those processes to the right issues. The board of directors has a two-fold role. On the one hand they need to monitor and control the cooperative. They have a fiduciary duty to protect the member’s interest. On the other hand they need to be involved in strategy, positioning the firm for long-term survival, growth and relevancy. Working on the right issues implies the right balance of the board’s attention between monitoring, operations and strategy. Getting the issues right also implies the right teamwork with the CEO. The board needs to stay abreast of operational issues without interfering with the CEO’s responsibilities.

A good board also needs the right follow through. That includes continually revisiting progress toward strategic objectives. Follow through also includes evaluation of the CEO and self evaluation of the board. Ideally, board evaluation should cover three areas: composition and structure of the board, board processes and effectiveness and performance of individual members. Not all boards are ready for peer to peer evaluation, but every board evaluation process should include a component where every board members rates their capabilities and performance.

That fills out six of my list of eight areas that a board must get right. I save the best for last and discuss them next week. In today’s industry environment, a board has to get things right or get left in the dust!.

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