



Board skills – does your board have the right mix?

With the exception of a few outliers, boards do good work today. Yet, many do not spend enough time on one universal “to do” that all directors must consider every year – ensuring a robust process for reviewing board skills. It’s not about a social issue. It’s about being more effective tomorrow, about increasing shareholder value, about keeping your board from being an outlier, and not ending up in the story headlined, “What was that board (not) thinking.”

Every board has a responsibility to ensure that as a group it represents the necessary knowledge, experience and viewpoints that allow it to effectively monitor company performance and constructively challenge ideas and strategy.

There is no silver bullet for the right board mix and companies have unique priorities that will dictate certain needed skills. But there’s more to it. In our increasingly regulated, globalized and socially conscious world, today’s corporate boards must keep pace with changing environments, markets, technologies. If every board member brings the same background to the table, an unconscious bias against certain strategies will occur.

Diversity of thought is an ambiguous term that is often used in describing the “right” board make-up. But let’s get specific. Annually the board should assess its current skills make-up and ask what additional experiences would make the board more effective. Ask the following questions. Have the courage to make changes or additions that will help the board better focus on value creation.

1. Does the board use a skills matrix that the governance committee “checks,” or do directors self assess and discuss?
 2. Does the board look at how its group profile aligns with corporate strategy?
 3. Does the board profile show a diversity link to employee and customer base?
 4. Does the board have evaluation processes in place to assess board and individual performance?
 5. Does the board have a formal succession plan in place for itself and its committees?
 6. What knowledge and experience mix does your board need so that it can effectively oversee company performance, make the best decisions and continuously improve?
- Common considerations:

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| • Company knowledge | • Age diversity | • Customer frame of reference |
| • Industry knowledge | • Tenure diversity | • Succession planning knowledge |
| • Financial knowledge | • Gender diversity | • Compensation knowledge |
| • Success in running a company | • Racial diversity | • Technology experience |
| • Success in growing a company | • Economic diversity | • Social media experience |
| • Success in downsizing a company | • Geographic diversity | • International experience |

BQs are published monthly. Discuss your answers in the executive session at your next board meeting. It could help your board become more effective.

