

Boardroom 360°

12 MARCH 2010

VALEO INTERNATIONAL NEWSLETTER TWO

VALEO INTERNATIONAL PROVIDES THE FOLLOWING SERVICES

- Disputes resolution
- Conflict of interest resolutions
- Assistance with CEO appraisals
- Board effectiveness reviews
- Constitutional/Rule reviews
- Competency mapping
- Enabling tools for boards
- Managing reputation risk
- Succession planning
- Board manuals
- Review of board room processes
- Board member job descriptions
- Board induction programs
- Board member recruitment



"There are no shortcuts to any place worth going."

Author Unknown

The new challenge for Boards - Developing the Organisation's DNA?

Achieving the true spirit behind governance is more than talking about it. We all know that a strong and knowledgeable board can make a significant difference to the performance of any organisation, but how many boards can truly say that they work hard to ensure that the board comprises of individuals with not only the right abilities but who are passionate about developing the right organisational culture and ethics.

In recent times we have seen many failures, negligence and corruption across a wide category of principals and gatekeepers: directors, chief executives, managers, shareholders, bankers, securities analysts, and many members of various professions and consultants. In 1999, when Ken Lay was the chief executive of Enron, he advocated that he had built a team of principle-centred directors around him with the right mix of skills, experience and expertise. In his mind they were the smartest directors around. There were certainly some prominent business leaders on the board and in management. As a corporation Enron also developed a code of ethics. Although the governance team and some governance practices looked good on paper history has shown us that true governance is more deep seated. Like Enron any organisations are still reporting that they have the right people, procedures and processes in place. Then how come an organisation with such strong values and governance practices can fail so spectacularly. I believe that a board can become blinded by its own rhetoric and so called "success". Enron believed that it was above scrutiny and it also believed it could do no wrong and therefore stop looking for any signs that pointed to the opposite point of view. As the words sung by Simon and Garfunkel say "a man sees what he wants to



see and disregards the rest". This reflects the Enron situation. However if we are not careful we are all vulnerable to such behaviour. It's easy to tick boxes and announce that you are sound but unless there is a true driving spirit ensuring the whole of organisation is working from the same ethical basis an organisation can easily and, in the case of Enron, quickly come undone.

While knowledge, skill sets, expertise and experience are important, more critical is having individuals at the helm who display:

Strength of character – you want people who start with what is right, who are not working to hidden agendas and who strive to make judgement about what is best for the organisation.

An inquiring and independent mind – you want people who seek out facts, are prepared to ask questions and prepared to challenge or be challenged in regard to matters raised.

Practical wisdom – you want people who think about the business of the organisation and see the practical application of any decision made.

Mature judgement – individuals who are thoughtful yet rigorous in what they say and what they decide is the right thing to do.

Why – Because governance is about making sure the right questions get asked, testing assumptions and propositions and ensuring the right checks and balances are in place – it's that simple.

However, to strengthen governance practices and obligations we need individuals who do even more, who will work collectively to establish and exhibit the organisation's DNA – the unique gene that runs throughout the organisation. Therefore for a board to fully and properly exercise its power it needs to define and create an ethical culture; one that it expects the organisation to embrace – starting with the board and including all aspects of the organisation. Such a philosophy must be embraced and articulated by all if it is to become the organisation's DNA – and it must glue all aspects of the business together from top to bottom and bottom to top.

Smart boards in the 21st Century will have already added the organisation's DNA to their agenda – has yours?

COURSES ON OFFER FROM APRIL 2010

If you are planning to become a Board or Trustee member, are a Director or Trustee of a Board or are wanting to know more about how boards can operate more effectively, then you may find the following courses of interest.

HALF DAY COURSES:

Boardrooms: Management to Governance
14 April 2010

Financial Management Level One:
Data to Information

Financial Management Level Two:
Stories from Numbers

Boards are Teams

FULL DAY COURSES:

Monitoring a Board Effectiveness

Boardrooms: DNA of an Effective Board

High Growth Boards

Governance in Not-for-Profits

Governance for SMEs

Best Practice Board Processes

Courses are priced between \$395 and \$750 per person (plus GST).

Course formats include a combination of group work, information sharing, presentation of case studies, interactive discussion and role play.

Visit www.boardroom360.co.nz for course details.

We're taking enrollments for the 14 April course Boardrooms: Management to Governance now.

Ring Bev to secure your place.



Nick Dangerfield



Dr Bev Edlin

Contact the Executive Directors

Dr Bev Edlin

P 027 618 4787 **E** bev@valeointernational.co.nz

Nick Dangerfield

P 021 273 6476 **E** nick@valeointernational.co.nz