

Key Criteria to Raise Board Effectiveness

提升董事會效能的重要標準

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The call on boards to step up effectiveness has never been louder in this day and age when activist shareholders increasingly reflect a general impatience with boards. Today, it is largely agreed that boards must do more than the traditional perfunctory role; shareholders expect boards to participate deeper in the business and, indeed, be capable of acting when necessary.

Numerous whitepapers have emerged on how to raise effectiveness and performance of boards. Among the myriad “best practices,” capability, process and team dynamics tend to receive just passing mention, although if given proper attention, these “unglamorous” practices can, in fact, dramatically raise board effectiveness.

1. Capability

Board members need on-going capability

building, just like any other employee in the business. While board members come with a track record of business achievements and personal success, the business, the market, and external environment are not static. Furthermore, the board has to work closely with a full time executive team, which spends all working, if not waking, hours immersed in the specifics of running a business. The board cannot fulfil its role unless it possesses a commensurate level of knowledge and

Technology advancement, customer behavior changes, and regulatory reforms are just some sources of change. At the same time, strategic and operational details in large companies are not just more complex, but also in a constant state of flux. To stay relevant, boards can benefit from continuous update and re-education about all these factors.

2. Process

Quarterly lunch followed by a three-hour meeting is no way for boards to be impactful. Even with clearly laid-out agenda, expecting board members to add value at single sittings is expecting genius on-demand. A better way is to take a page from operational disciplines: structure the work (including self-work and small group interactions, not just meetings) according to the logical process of the topic¹ in question. This helps assure quality output from the board.

Take strategy formulation for example. Most companies follow a structured three- to six-month process that includes analysing external conditions, assessing internal capabilities, formulating options, evaluating potential returns, selecting course of action, and planning for implementation.

The board should be involved in this process² as it unfolds, not just at the end

to review and make decision on the output. This allows the logic of the process to play out in the minds of board members, giving them the time to reflect deeply upon supporting information, as well as the opportunity to contribute to the thought process step by step. Specifically, this means the board should also be involved in the following in strategy formulation tasks:

- Determine needed input and analysis.
- Interpret data and analysis output to draw insights.
- Define the strategy “solution space” and help uncover alternatives.
- Scrutinize assumptions about trends and changing conditions.
- Establish decision-making criteria for selecting strategy.

3. Team Dynamics

Being a board member is engaging in “team sport.” Shareholders care not how individual board members do, but what they achieve collectively. Resources are abundant in the areas of building high-performance teams. A board should pay particular attention to:

Working Relationship between Chairman and CEO

Whether or not required by law, the roles of the chairperson and CEO are best separate. However, the quality of collabo-

ration between these two roles is subtle; it boils down to the day-to-day working relationship. In a healthy chairperson-CEO working relationship, neither dominates the other and both are willing and free to challenge the other. Most importantly, together they explicitly demonstrate the common goal of striving for success of the company. This sets the tone and expectation for the rest of the board. Good board dynamics start from good chairperson-CEO dynamics.

Diversity of Board Members

The war for board talent is intense and putting together the “right” board is, perhaps, the most difficult task any chairperson can face. The ideal representation needs to possess independence for accountability, ability to challenge the executive team, and diversity to prevent decision biases. Most boards do not achieve the ideal representation across the numerous dimensions. This is why the above-described capability building and process-driven work approach are so important. Any deficiency due to limitations in representations may be overcome through subsequent enhancements.

Nevertheless, several key “markers” of good board representation exist. If a chairperson finds these markers mostly absent in a board, he or she is strongly advised to consider changes.

1. Majority of board members are non-executive and truly independent with no management ties.
2. Executive board members also include the chief financial officer³.
3. Board members may have significant stockholdings but can act without conflict of interest.
4. A large proportion of board member compensation is tied to company performance (e., equity, options, etc).
5. A formal board and board member evaluation is in place and held at least annually.

Case Study

At one of my Hong Kong client companies, the board could have been much



more effective if improvements were made as described above. The board then could have laid a firmer hand to help avert the decline in the company's market position.


First, the market in which the business operated had dramatically changed over the past few decades. Due to disruptions in new technology and business models, alternatives emerged and siphoned customers away. The board continued to accept a view about the market that underplayed how the appearance of e-commerce upstarts changed the behaviour of customers. Adhering to an out-dated strategic solution space, this company fought an uphill battle, trying to stay viable in a shrinking overall market. More systematic enhancement of the board's collective knowledge about the business and market would have prompted different discussions.

Next, quarterly meetings, either in-person or by teleconference, were the primary means of work for the board. Annual business plan and three-year strategy were reviewed only during board meetings. Although questions were asked and assumptions scrutinised, these were performed on the content presented by management. The quality of strategy would have been higher if board members were more involved during the strategy formulation process.

Lastly, the chairperson (being the original founder and CEO) was so deeply involved in day-to-day business that he might as well be the "true" CEO. In this case, we really have one person being the chairperson and CEO. Furthermore, some of the board members were previous executives or had ties with the chairperson. The end result was a strong tendency for the board and the CEO to defer to the chairperson's view. Changing the team dynamics, either through team performance expert intervention or restructuring board representation, would create a more productive environment where healthy debates about core issues could take place.

Summing up

A common implication underlying the above-mentioned ideas is that a board is like every other team in a company. It is a group of people with specific skills collaborating to fulfil a responsibility and achieve a goal. To perform well, a board thus needs proper capabilities, effective ways to work, and teamwork.

Too often boards are considered to be above the fray, and thus not subject to the same performance management techniques so dutifully applied to the rest of the company. It is time to apply what we already know about organisations and teams to help boards step up their effectiveness. 



時今日，要求董事會提高效率的呼聲不絕於耳，尤其是持積極態度的股東對董事會普遍越來越缺乏耐性。今天，大部份董事會會認同，不能光扮演過去偏於形式的角色。股東們期望董事會更深入地參與公司營運，並在適當的時候能夠採取及時的行動。

大量的白皮書均有介紹如何提高董事會的效能和表現。但在海量的「最佳實踐」中，對「能力」、「過程」和「團隊動力」則僅提片言隻字，這些「不搶眼」的項目，如得到恰當的關注，可大幅度提高董事會效能。

1. 能力

如同企業中所有的職工，董事會成員也需持續提升能力。縱使很多董事會成員的履歷，都載有輝煌的專業及個人成就，但企業業務、市場狀況以及外部環境是多變的。此外，董事會必須與一支全職管理公司營運的行政團隊通力合作。董事會如果沒有掌握和了解與營運有關的知識，則難以執行營運的職務。

掌握足夠的知識與技能一般由每位董事會成員自己負責，而較佳的做法是實施系統化的課程(個人或團隊方式)做能力提升的訓練。在眾多董事需要掌握的項目中，如果充份重視以下項目將帶來龐大效益：

董事會成員的行為

這裏提出的「行為」並非指董事會成員的法定角色和責任，而是指董事會裡每位成

員與其他同事合作時的互動風格，如聆聽、釐清、討論及歸納等技巧。每位董事會成員一定都各有個性，在接受委任前，他們很多都具備決策者或行政總裁的經驗，要讓這批精英一起建立深厚及具成效的合作關係，只有一個可能，就是讓所有人放低自我，將精神集中於議題的實質內容。

了解業務和市場

所有的企業都面臨著市場的快速轉變。傳統的價值鏈遇到顛覆性變化而必須重組。科技的進步、客戶行為的改變及規則的改革等等，都可能是顛覆性變化都來源。同時，大公司的策略和營運不僅僅是複雜，更時常變化。董事會必須倚靠持續的訊息更新及再教育才能與時並進。

2. 過程

每年4次約3小時的會議，不足以讓董事會發揮影響力。即使會議的議程清晰，但要求成員即場為會議帶來價值確實期望過高。更好的方法是利用營運專業的方法，根據分析與探討某議題¹的邏輯安排工作(其中包括自身工作及小組合作，不僅指會議)，這可保證董事會輸出最佳的工作成果。

以制訂策略為例，大部份公司採納為期3至6個月的過程，當中包括分析外來環境、評估內在能力、制訂選項、評估潛在回報、選擇行動方針及為執行作好準備。

在這個制定策略的過程²中，董事會應該積極參與，並不只是作最後審核及決定。這可以讓董事會成員隨著過程的邏輯思考，有足夠時間對涉及的許多信息做出反應，並有機會一步步地參與思考過程。董事會尤其應該積極參與以下的策略制訂工作：

- 決定所需的輸入和分析
- 演繹數據和分析結果以得出結論
- 定義策略的「解決方案範圍」及協助發現其他替代方案
- 細看對趨勢及情景轉變有關的假設
- 樹立為挑選策略而設的決策條件

3. 團隊動力

成為董事會的一員有如參加「團隊運動」。股東關心的是董事會作為整體的成效而並不看重各成員對個人行為。能用於團隊建立良好表現的資源不少，董事會應特別留意：

主席及行政總裁之間的工作關係

不論法例有沒有要求，主席和行政總裁的



角色最好分開。就算這樣，兩個崗位的合作是微妙的，能否體現高素質要看日常的工作關係。在一段健康的關係中，沒有一方凌駕於對方，彼此也願意質詢對方。更重要的是，他們能夠明確地展現一個共同目標：為公司取得成功。這為董事會其他的成員訂下基調和期望，良好的董事會動力由良好的「主席-行政總裁」關係開始。

董事會成員的多元化

傑出的董事人才難求，召集人才組成「組合得宜」的董事會，可能是每一位主席面對的最嚴峻的難題。理想的董事人選需具備獨立性以便於問責，具挑戰行政人員的能力，以及具多元化背景以避免決策的偏頗。大部份董事會的組成未必可盡善盡美，因此，在文首提及的能力提升和以過程為主導的工作方向是非常重要的。一些因人選上的不足而出現的問題，可以靠後天補足。

不過，一些良好的、關鍵的指標仍是可供參考的。主席若發現會內缺乏以下大部份指標則應該考慮作出改變：

1. 成員大部份是非執行董事，真正獨立的，和公司的管理層沒有連繫
2. 成員中的執行董事包括首席財務總監³
3. 成員即使持有較大比重的公司股份也沒有外部利益衝突
4. 較大比例的成員薪津與公司表現掛勾(例如股本、期權等等)

5. 已有正式的董事會及董事會成員評估機制，並最少每年執行一次評估

個案分析

我服務過的一家香港公司，如能實行上述的措施，應可大幅度提升董事會效能。董事會便可更有把握避免讓公司的市場地位逐步衰落。

首先，過去幾十年市場的轉變很大，新科技和經營模式的介入，替代方案的出現已搶走了該公司的部份客戶。董事會卻選擇繼續淡化電子商貿已改變客戶購買行為的事實，仍然傾向過時的策略解決方案範圍，讓企業逆水行舟，在不斷萎縮的市場中求存。如果董事會對經營及市場的整體理解得到系統化的提升，討論的方向將會很不同。

其次是季度會議。該董事會基本上是單靠季度會議辦事，有些董事親自出席，有些透過電話。季度會議是檢視年度經營計劃及三年長遠策略的唯一機會。雖然董事會成員在會議中會提問及細看假設，但這只以公司管理層準備的內容為基準。董事會成員若能較早地參與策略的制定過程，策略的質量將可能提高。

最後，該公司的主席(作為創辦人並曾任行政總裁)深入參與企業的日常營運，甚至當了實際上的「行政總裁」。在情況下，實際只有一人扮演主席和行政總裁兩個角色。

此外，部份董事會成員過去曾是主席屬下的行政人員，又或與主席關係密切，換來的結果是現任董事會和行政總裁都傾向聽從主席的看法。如果該公司讓團隊績效專家介入，或重構董事會的成員組合，就可能創造更有建設性的環境，並讓董事會成員更能針對核心的議題作健康的討論。

總結

以上種種思路可綜合指出一點，就是董事會和企業內其他工作團隊沒有兩樣，都是由具有特定技能的人所組成，合作、盡職地達成目標。董事會要表現出色，同樣需要合適的能力，高效的工作方法以及團隊精神。

很多時候，人們都認為董事會是高不可攀的，不會像公司其餘部門一樣，必須刻意的管理績效。是時候讓我們應用所學，利用對組織和團隊的認識，去幫助董事會提昇效能。



1. Board topics generally fall under: (1) helping develop and approve corporate strategy; (2) evaluating corporate performance; (3) appointing the CEO and planning for succession; (4) setting executive and director compensation; and (5) ensuring good governance and compliance.

(註1)董事會上討論的題目多數歸入以下類別：1) 協助發展及批核企業策略；2) 評估企業表現；3) 任命行政總裁及為繼位作規劃；4) 訂立行政人員及董事的薪津；及5) 確保良好管治及合規。

2. Survey of 700-plus boards by McKinsey reveals that the most impactful boards spend significant time on strategy. The best-performing boards spend as much as 300 per cent more than the average time on strategy.

(註2) 麥肯錫公司以問卷調查超過700家董事會，發現最有影響力的董事會用最多時間於制訂策略。表現最佳的董事會比一般的花多3倍的時間於討論策略上。

3. Advocates include David Beatty, Conway Chair of the Clarkson Centre for Business Ethics and Board Effectiveness at the University of Toronto's Rotman School of Management, who served on more than 35 boards in five different jurisdictions and has been board chair at eight listed companies.

A strong, independent CFO who is not overly deferential to the CEO is required. (註3) 曾經在5個國家/地區超過35家公司出任董事，並於其中8家公司出任主席的學者 David Beatty表示，公司實在需要一位強勢、獨立、意見不偏側於首席行政總裁的首席財務總監。

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