Coaching the board

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How coaching boards is different from coaching executive teams, with case examples from the private, public and voluntary sectors

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The contribution of the board to the continued future of the organization is principally dependent on the behaviour, experience and skills of its members. (KAKABADSE, KNYGHT AND KAKABADSE, 2013: 360)

The difficult task is to respectfully change corporate board's mind-sets in the currently competitive geo-political environment in which humanity may face risk. (WORLD ECONOMIC FORUM, 2012)

Constraints on time and knowledge combine with the need to maintain mutual respect and openness between a cast of strong, able and busy directors dealing with each other across the different demands of executive and non-executive roles.
(THE UK CORPORATE GOVERNANCE CODE, FINANCIAL REPORTING COUNCIL)

Introduction

We invite you to go on to the world wide web, choose a range of well-known or local companies from different sectors and look for the section of their website on the board of the company. Notice what they say and what they feature. We randomly chose 10 companies in different sectors and with different country headquarters. Every one featured photos of individual board members – mostly men in dark suits – with short biographies listing their achievements. None of them started by looking at why the board existed, whom it served, nor what it was collectively there to achieve. None showed the board as a team together.

When commenting on this to several boards with whom we have worked, many responded by mentioning, somewhat defensively, that they talked elsewhere about the organization's vision, values, and commitment to customers, employees, the environment and so on. We then asked them how this was echoed in presentations made by their board. Interestingly, one board then acknowledged that this pattern was echoed in how they did their AGM – a series of individual talking heads speaking down at the investors from the stage, with no visibility of customers, sustainability nor employee focus in the room, except in words.

The global context in which boards operate

Never have boards been more powerful, more challenged or more in the public gaze. The Swiss Federal Institute has suggested that international corporations control 40 per cent of global wealth (Vitali, Glattfelder and Battiston, 2011). Kakabadse and Kakabadse (2008) argue that we are seeing unprecedented weakened government control against increasingly dominant corporations. Many sectors have seen enormous consolidation. Just one example would be the UK food industry, where 70 per cent of market share is with just five companies whose boards are in the hands of no more than 140 people (Welch, 2012). Many international companies have much greater GDP than many countries, and more global influence and control.

Boards carry accountability for organizations that are ever more complex, with greater diversity of stakeholders, global interdependency, in a more volatile and unpredictable world. Boards have great responsibility but very limited control.

This growth in power, combined with much-publicized corporate scandals such as Enron, Lehman Brothers, British Petroleum, Royal Bank of Scotland, The Co-operative Group in the UK and many others, has led to demands for greater transparency, accountability and governance. Business leaders have a very low level of trust from the general public; far lower than those in the traditional professions of medicine, law and accountancy and only just ahead of politicians and journalists.

Public trust in large companies and their boards fell even lower following the economic crisis of 2008–9 and, although in some countries it has recovered a little, in Western Europe and North America, less than half of respondents trust business leaders to tell the truth (eg UK 42 per cent and United States 38 per cent (Edelman, 2012)).

In response to the outcry from investors, lobby groups, campaigners and others, there has been a proliferation of corporate governance codes from governments, professions and regulatory bodies (including the Sarbanes–Oxley Act 2002; UK Codes of Corporate Governance 1992–2010; Financial Regulatory Commission 2012; Vienot Reports 1995–99, 2000; Organisation for Economic Co-operation and Development 1999, 2004).

Much of the response to the boardroom crisis has been to focus on the form of the board rather than the substance of how it works: to focus on the inputs to the board rather than the performance that creates the positive outcomes. Corporate codes and legislation have demanded changes in board membership, training, reporting, evaluation and so forth, but for some organizations this has been met with a conformance response, ticking the necessary boxes.

Never have boards been so in need of help and support in developing their collective capacity to rise to the growing challenge and expectations. Leadership team coaching is still in its infancy (Hawkins, 2011, 2014). Board coaching is even further behind. Very few boards have ventured beyond carrying out a board evaluation exercise every two or three years to receive ongoing help in how they can systematically develop their collective effectiveness over time. In this chapter, we will explore the growing sophistication of the board evaluation process and how this can lead to development plans supported by ongoing board coaching. But first we must be clear about the role and purpose of boards and how we understand board effectiveness.

The role of the board and board effectiveness

To coach the board of a listed or unlisted company, a partnership, or a governmental or not-for-profit organization requires first that the coach can help the board to be clear about its purpose and its unique role in the organization and the wider system of which it is a part. Also, if the board coach is to help the board become more effective, the coach needs to understand the nature of board effectiveness.

Bob Tricker, back in 1984, provided a very simple definition of the board's role when he said that if management is about running the business, governance is about seeing that the business is run properly.

Chait, Ryan and Taylor (2005) take the concept of governance further in reframing the work of non-profit boards. They propose that governance is seen as leadership.

While leadership has become a dynamic, multidimensional concept, 'the tendency with governance has been to clarify and codify conventional practice. The conversation centres more around lists of "dos and don'ts" than around compelling or competing concepts of governance.' They suggest that leadership and governance are more closely related, and the more clearly this linkage is seen, the brighter the prospects will be for better governance (Chait *et al*, 2005).

While the focus of their work is on non-profit boards, their insights are equally relevant to corporate boards. Likewise, much of the corporate governance guidance for limited companies is equally relevant for public sector and not-profit boards. Skills, experience and the level of time commitment will vary from organization to organization. However, as far as the work of the board coach goes in helping boards to become more effective and high performing, there is much in common.

The range of stakeholders may vary but what they share is the responsibility to know who those stakeholders are and to know that their organization is 'run properly in the service of whom and what'.

Van den Berghe and Levrau (2013: 156, 179) consider 'a board to be effective if it facilitates the creation of value added for the company, its management, its shareholders and all its relevant stakeholders'.

This fits with the stewardship theories of boards and the approaches advocated by the 'Tomorrows Company' organization since its inception by the Royal Society of Arts Manufacture and Commerce in the UK in the 1990s. They argue that a board should be able to account for the value an organization has received from each of its key stakeholder groups and the added value it has returned to each group. At a minimum, these stakeholder groupings include investors, customers, regulators, suppliers, business partners, employees, communities within which the organizations operate, and the natural environment or 'more than human world' which provides the wider eco-system and most of the primary resources for the organization.

Van den Berghe and Levrau (2013: 163–64) posit four key roles for the board:

- making sure the organization has the right leadership;
- deciding on the strategic direction of the company and how this realized;
- monitoring execution and results (including the governance scan and board evaluation;
- advisory/support function.

This academic perspective echoes the view of Niall Fitzgerald, KBE who, soon after moving from the position of CEO and Chairman of Unilever to become Chairman of Reuters, defined the role of the board as follows:

1. Decide which skills are needed on the board.
2. Agree the strategy and keep it under review.

3 Focus on profitable growth with acceptable risk.
4 Safeguard the brand and corporate reputation.
5 Give directors access to detailed information.
6 Expose the board to younger talent in the company.
7 Discussion should be open, candid and trusting.
(Boardroom Agenda, Niall Fitzgerald, *Financial Times*, 27 September 2005)

From board evaluation to board coaching

There has been an increasing call for all boards to have regular board evaluation, but for many boards this has been a somewhat cursory scan of their governance and a tick-box exercise to check that the important regulatory processes were in place. Carter and Lorsch (2004) advocate the importance of evaluations going beyond reporting on governance processes: 'Fancy statements about the company's corporate governance practices may look good in the annual report and make some shareholders feel good, but they don't in and of themselves make boards more effective.'

Increasingly, boards are introducing more thorough evaluation processes, using a board evaluation questionnaire and/or interviews with each of the individual board members. The themes and issues are then fed back to a board meeting agenda on board performance and process. Some boards carry out this process internally, led by the chairman or the senior independent director. Other boards commission an external board evaluator to carry out the process. This has the advantage of bringing in someone who is independent of the internal politics, culture and collective ways of thinking of the board, as well as having evaluated other boards and so be able to draw out similarities and contrasts.

The Walker report (2009: 4.39) into board governance emphasized both the independence and the capability of the board evaluator to create a robust and effective evaluation process. This has become easier to assess as the wider adoption of evaluation has resulted in there being more evaluators with greater experience. Indeed, some boards select a different evaluator every few years to ensure that the consultant has not become too close to the organization.

Further rigour and sophistication can be added to this evaluation through 360° feedback on the collective board. This can be collected from a variety of sources, including the executive teams that report to the board, key investor or membership groups who elect the board and a review of analysts' and press commentary on the company and its governance. We have developed a simple 360° questionnaire that can compare data from the board members with external perspectives and can be filled in online.

Kakabadse and Kakabadse (2008) recommend complementing this process further with the use of assessment and profiling tools for individual directors. While this may not be necessary annually, it provides: an overview for the chairman of the range of skills, experience and participation of individual board members; some evidence from which to offer feedback on their performance; and also as an input into succession planning. Many companies will include a process for appraising the chairman, which will typically be conducted by the vice chairman or senior independent director.

Board evaluation, although a great improvement on governance scans, provides only the foundation for board development. Van den Berghe and Levrau (2013: 145) argue that follow-up appraisals, on the items that are selected for improvement, are essential. A quality board evaluation, whether done internally or externally, should lead to a board development plan with specific commitments to change processes, actions and behaviours. It should also include how the board will take forward its own development, based on what has emerged in the evaluation.

The quality of improvement in board effectiveness will depend on the commitment and openness of the board to take on board the feedback and address the developmental issues that are raised. The role of a skilled board coach can be pivotal in this developmental process.

Thus, evaluation is the first phase of a board coaching process and covers the CID phase of the team coaching process model (Hawkins, 2014: 86–93). This includes (C) initial Contracting, (I) Inquiry and investigation (the evaluation process) and (D) the Diagnosis, discovery and design phase in which the board co-create and commit to the development plan.

The subsequent coaching process will vary depending, in part, on the openness of the chairman and board to committing to their own development and to accommodating the presence of an external coach. The focus may be on coaching the chairman on how he or she leads the board; working jointly with the chairman and CEO on their relationship; attending some board meetings and providing live process consultancy and feedback; facilitating board development workshops; facilitating inter-board workshops where two boards need to work together on a joint venture, merger or other collaboration; or coaching board members before and after important presentations to stakeholders.

The board as a leadership team

The board of an organization is a very special form of leadership team. It consists of a number of directors who are accountable, in law, for the good governance of the organization. While the precise role and composition of a board will vary, there are some underlying principles that are common to all, including their purpose, which, as outlined in the UK Corporate Governance Code, is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company (Financial Reporting Council, 2011: 1).

This is a particular challenge for any board, as its members do not have day-to-day responsibility for the operational management of the company. The scale of this challenge has become all the greater in recent years as the level of scrutiny of boards has increased against a backdrop of an uncertain global environment, economic turmoil and a series of corporate crises. Stakeholders have become more vocal and active in their concerns – as shareholders, customers, employees and citizens. The concept of stewardship, by the board on behalf of its stakeholders, has emerged as a much clearer and defined responsibility for companies, from global enterprises to family-owned businesses.

The growth, in many countries, of governance codes and increased regulation and scrutiny has sought to establish higher standards of board practice and effectiveness. However, as corporate crises and organizational failures continue, it is clear that improved structures and processes are insufficient on their own. Equally important is the human dynamics within the board: that members understand and embrace the spirit as well as the letter of their governance code.

Against this backdrop of change and uncertainty, boards are increasingly seeking external help to improve their own performance in four key areas:

1. To build a board that consists of the best individuals available who have a complementary mix of skills and experience and to reinvigorate the board continuously by managing recruitment and retirement procedures.
2. To create a climate of openness, challenge and productive dialogue encouraging the right group dynamics.
3. To facilitate a regular board review of structures and processes to ensure that the board can demonstrate its adherence to standards of good governance and is continually improving levels of performance and effectiveness.
4. To draw on the combined experience of all members, bringing the outside in and future back, to offer insights and guidance on strategy and risk and to engage with the wider organization and its stakeholders through periods of significant change.

Chait *et al* (2005), in proposing governance as leadership, describe three modes of governance – fiduciary, strategic and generative – that together enable board effectiveness:

- Type I, Fiduciary: includes the stewardship of tangible assets, technical oversight to ensure accountability based on performance metrics of facts, figures, finances and reports.

- Type II, Strategic: includes analysis, the shaping of strategy, the review of performance and management plans, the ability to envision and shape institutional direction.
- Type III, Generative: includes generative thinking, reflection, sense-making, framing questions.

They suggest that the most effective boards will have the ability to work effectively and move appropriately across all three modes. The benefits of the Fiduciary and Strategic modes are widely recognized. The payoffs from the Generative mode are not as broadly appreciated, because fewer boards regularly practise Type III governance.

Chait *et al* also offer a useful lens through which to appraise the value a board brings, conceptualizing it as a source of capital, beyond money. The four forms of capital are Intellectual, Reputational, Political and Social. The value realized rests on how well their potential as a resource is optimized. The forms apply equally to corporate and not-for-profit boards and whether board members are trustees, directors or governors. (See Table 12.1.)

Such a lens, when introduced in the process of board coaching, can help boards to consider whether they are, indeed, realizing their full potential as a resource to the organization.

TABLE 12.1 The four forms of board capital

Form of capital	Resource optimized	Traditional use	Enhanced value
Intellectual	Organizational learning	Individual board members do technical work	Board as a whole does generative work
Reputational	Organization legitimacy	Organization trades on board members' status	Board shapes organizational status
Political	Organizational power	External heavyweight: board members exercise power on the outside	Internal fulcrum: board balances power on the inside
Social	Efficacy of the board	Board members strengthen relationships to gain personal advantage	Trustees strengthen relationships to bolster board's diligence

The five disciplines of a high-performing board

Boards may draw on external expertise in recruitment, board evaluation and strategy. However, to address all these areas of performance in an integrated way that also addresses behaviours requires systemic team coaching skills tailored to the unique characteristics of a board. To demonstrate this, we draw on the five disciplines of a high-performing team, which, with some refining, are as applicable to a board as they are to any other kind of team. They also demonstrate some of the shared characteristics and endeavour of all boards, be they listed companies, start-ups, charities or others in the not-for-profit sector.

In this chapter, we will describe each of the disciplines as they apply to a board, drawing on real examples. While acknowledging that a board is not a team in the more widely accepted definition of a team (see Chapter 1), the evidence shows that an effective board shares many of the characteristics of a team. Like teams, they flourish when there are high levels of openness, transparency and collaboration, and some chairmen are quite explicit in encouraging a team spirit. According to one FTSE 100 chairman, 'They're not teams in the same sense of an executive team but they need to be really constructively working together.' Another suggests that 'it is a bit like being a conductor in an orchestra' (Hogan, 2012: 8).

We have intentionally chosen to give examples from different countries, many of which have different governance codes and board structures; from different sectors; and from different sizes and types of organization. In *Leadership Team Coaching* (Hawkins, 2011), the companion to this book, detailed descriptions of the various board structures that different countries and sectors use are provided.

In spite of differences in structure, all boards share in common a commitment to good governance. A succession of corporate crises and failures in corporate governance has resulted in a body of guidance that is the culmination of extensive consultation and review. In those boards who aspire to excellence, they acknowledge the need to fulfil the spirit as well as the letter of codes of best practice. This overarching commitment to good governance can be mapped to the five disciplines of Commissioning, Clarifying, Co-creating, Connecting and Core Learning. This includes the underlying principles of corporate governance reviews and codes of conduct. Thus, statements from the UK Corporate Governance Code (2012) and the UK Stewardship Code (2012) can be matched to the five disciplines:

Commissioning: 'The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term and ensure that its obligations to its shareholders and others are understood and met.'

Clarifying: 'The board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. Boards must think deeply, thoroughly and on a continuing basis, about their overall tasks and the implications of these for the roles of their individual members.'

Co-creating: 'An effective board should not necessarily be a comfortable place. Challenge as well as teamwork is an essential feature.'

Connecting: 'We want to see the example set by the best in corporate reporting adopted across the market so that Annual Reports, including audited financial information, deliver greater value to investors and serve the public interest better.'

Core learning: An expectation that all boards carry out regular reviews of their own performance. (Hogan, 2012)

Developing a high-performing board

In looking at the development of a high-performing board, we draw on a number of different case studies, in particular an international company board headquartered in Europe, the board of one of the UK's largest housing associations and the governing body of a school.

In each of the three case studies, a board evaluation was undertaken at the outset based on the Five Disciplines Questionnaire. The questionnaires were supplemented with individual interviews of board members. This process of inquiry was helpful in highlighting the areas that were working well and where there was room for improvement. It also provided a benchmark against which to measure the board's development over time, individually and collectively.

Commissioning

Coaching a board on the discipline of its commission is essential at the establishment of an organization and its board and is an area that must be revisited at every board evaluation.

Some questions that are helpful in this area include:

a Who appoints the board? (Shareholders, partners, members depending on the nature of the board). What are they looking for the board to achieve?

b Who else does the board serve? (Employees, customers, suppliers/partners, regulators, local communities and environment). What do they need the board to achieve?

c Does it have enough clarity in its mandate? Is it clear what it must deliver, to whom it is accountable?

d What are the core functions of the board? Is there clarity of expectation in how these should be prioritized and carried out?

e Does it have the requisite diversity and capabilities? How are members selected, appointed and inducted?

In all three case studies, the coaches supported the boards in developing or revisiting their purpose, values, vision and strategy for the organization. For example, the housing association recognized that, with significant changes in its sector, they needed to look to the future and agree who they were here to serve today and tomorrow, and how to ensure that the customer voice would be heard. The international company recognized that the changing focus of the business required a change in its ownership structure and governance.

The discipline of Commissioning ensures that the board has clarity in its mandate and boundaries and the necessary resources to fulfil the mandate.

Clarifying

Once clear on its Commission, the board is better placed to clarify its collective endeavour and shared accountability: its roles and responsibilities to achieve good governance on behalf of the organization and all its stakeholders.

It can be helpful to start by facilitating the board to complete some key questions or statements. This can be done in open debate or through a collective build. The collective build is a dialogical process that encourages individuals to offer a response and then others add to it so that a collective response is built, generatively. Once a response has been fully developed, someone offers a new idea and the process is repeated.

A collective build has the advantage of ensuring that the board taps into the diversity of individual independent thinking. Many boards and much board literature talk about the importance of independent thinking by directors and board dialogue, but few institute processes that enable this.

Statements for Clarity could include:

a This board creates value for the rest of the organization and its stakeholders by....

b To achieve our purpose this board needs to focus on....

c The objectives by which we will measure our achievement are....

d By when and by whom....

In the case of the school governing body, the board considered their individual and collective roles, the unique contribution that they could make and how best this would be achieved. Similarly, the housing association board considered how they could best contribute, individually and collectively, so that they could be better leveraged as a resource.

There are a number of tools and frameworks that board coaches can draw on to encourage boards to understand and clarify their functions, roles and responsibilities. For example, a simple functional analysis questionnaire provides a list of key board functions and asks each board member to list the percentage of time the board is currently spending across the functions and the percentage of time they think they should be spending. This exercise has enabled a number of boards to radically reconstruct their meeting agendas.

The final area of board Clarifying is about roles and structures. This includes what should be dealt with by standing or ad hoc board committees and what should come to the full board; the roles and expectations of individual directors, including chairman, senior independent director, sub-committee chairs, non-executives and executive directors.

The board coach to the school governing body facilitated a process whereby the board discussed the unique contribution that they could make and how this was best achieved. In one example, a governor with significant financial experience was not a member of the finance committee because at the time of his appointment, there was not a vacancy. This was rectified.

The board coach can play a very important role in facilitating the feedback to individuals by other board members and also the two-way inter-group feedback between executives and non-executives. Thus, in the case of the international company, the chairman and managing director were coached on how to take forward the development of the board, the executive team and the relationship between the two.

Another critical area for clarification is for the board to understand how it represents different stakeholder perspectives and brings them 'live' into board meetings. The international company board undertook the following exercise. They were divided into four teams each representing one of their key stakeholder groups. Each group spent some time preparing questions and challenges for the board from their stakeholder perspective. In turn, they presented back in role to the others who acted as the board. Each group highlighted two to three critical issues for the board to address.

The impact of the exercise was dramatic. It enabled board members to stand in the shoes of competitive groups and clearly identified a critical stakeholder contention and the importance of finding a solution to enable the business to move forward.

Co-creating

One of the most challenging areas of board development is in addressing interpersonal and team dynamics. The chairman should take the lead in encouraging a climate of openness and transparency but the support of the board coach can be pivotal in encouraging the board to co-create a culture of collaboration and shared accountability. Board reviews consistently show that group dynamics are the hardest element of board effectiveness to address. However, the clearer the board is about its purpose, collective endeavour and its roles and responsibilities, the easier it becomes to address any behavioural issues.

A constant challenge for a unitary board is how to create an environment in which non-executive directors have sufficient knowledge to be able to provide constructive challenge and fresh perspectives to the board and the executive members have sufficient grasp of operational and financial detail to represent the wider organization and the particular issues that are being brought to the board for consideration and/or decisions.

In exploring how they work together, the housing association board expressed some of these common dilemmas. They had trust and respect for each other but wondered if they could sometimes be less consensual and more challenging. They were cautious and risk averse, which had served them well, and also wondered if they could be more creative and innovative, spending more time on the future and 'blue sky' thinking.

The board had traditionally been very large, and regularly included all members of the executive team. They decided to transition to a smaller board with only the CEO and finance director as full members. The board coaches were able to support the smaller unitary board in acknowledging their concerns about being equipped to take important decisions without having all executive members present at their meetings. Large boards tend towards a process of rubber stamping rather than generative dialogue. To shift to a different level of discussion and debate requires the agenda to be revisited so that the focus is on the most important issues that require the collective input of all the board and cannot be dealt with outside of the board meeting. For executive directors it means being more open to genuine challenge and alternative propositions. For non-executive directors, it is no longer sufficient to base their input on a reading of the board pack. They are expected to stay abreast of key developments in the organization, through regular briefings and face-to-face contact with executives beyond the board.

Van den Berghe and Levrau (2013: 162) emphasize the importance of focusing on how the board fulfil one of their core functions, that of making decisions. They offer a simple typology of board decision-making roles (see Table 12.2).

TABLE 12.2 Board decision-making roles

Type of board	Decision-making role
Ceremonial board	No formal decision-making role
Rubber-stamping board	Only role is agreement with finalized decisions
Statutory board	Discussions limited to formalistic role of the board (with limited role in the strategy process)
Proactive board	Much more active involvement of directors in strategy and decision making, with board committees, independent directors and so on
Participative board	With open debate culture, striving to reach consensus between management and the board, and harmony and complementarity between board and management

This a useful continuum to help boards be more choice-full about their decision-making role vis-à-vis other parts of the organizational system, particularly executives and investors.

The coach has an important role in helping the board step back from a process in which they have become immersed and to notice the cultural patterns of the boardroom. This is very hard to do as an insider without skilled help. One of our favourite definitions of team or organizational culture is: 'what you stop noticing when you have worked somewhere for three months' (Hawkins and Smith, 2013: 110).

A way of surfacing these cultural patterns is to use a Descriptor Analysis (Hawkins, 2014: 281–83), where board members are independently asked to describe the collective board in three adjectives or phrases as it is today and how they think it needs to be in two years' time. This technique has worked with many different forms of board and highlights the perceived need for a change in culture. It is also used as a 360° feedback process with key stakeholders who interact with the board and who are asked to complete a word search. This provides an illuminating contrast between internal and external perspectives. On some unitary boards, the analysis has shown the collective response of the executive directors in contrast to the non-executives.

An additional benefit of using any evaluative instrument such as Descriptor Analysis is that, by repeating it every year or two, it offers a mechanism to evaluate development against the plans for improvement the board has agreed on.

The role of the board in strategy is both contentious and complex. Some argue that the board should leave strategizing to the executive and keep to an approving, monitoring and scrutiny role (Thomsen, 2008; Acharya, 2008). Others argue that this is an abrogation of one of their core functions, which is to focus on the long-term stewardship of the business and value creation for all stakeholders (Van den Berghe and Levrau, 2013; Kakabadse and Kakabadse, 2008; Carter and Lorsch, 2004).

Clarifying their role in the strategy creation, implementation and monitoring process is an important board process. We would argue that the board is responsible for:

1. clarifying the various stakeholder groups for whom the organization must create added value;
2. ascertaining the needs and aspirations and feedback from these various groups;
3. being clear about the core long-term mission of the organization (its purpose, core values, distinctive identity, vision and so on), which guides and frames the strategy debate and creation;
4. setting the strategic challenges that must be addressed to the executives;
5. hearing back from the executives their proposals to meets these challenges, challenging and debating the proposals with them and deciding in which strategies to invest in;
6. setting up monitoring and evaluation processes that will provide clear and quick feedback and learning on whether the strategies are working and how they need to be adapted and evolved;
7. supporting management, as needed, in the implementation of the strategies and regularly reviewing them.

How this cycle works out in practice will vary due to the nature of the organization, the challenges it is facing and the type of board governance it has chosen. For example, there is clear evidence (Acharya, 2008) that large publicly listed organizations operate very differently in strategic decision making than private equity-backed companies, the latter playing a much more active strategy role.

As board coaches, we have facilitated the strategizing processes between boards and the organization's executives and other key players, being clear that the role of the coach is to enable the richness of the dialogue and the most effective process and not to have views on the strategy content.

Connecting

Coaching the discipline of Connecting with stakeholders and the wider environment is rare in the fledging work of board coaching. However, there is a growing need for this form of help as boards recognize the need to engage key stakeholder groups in radically new ways if they are to be effective in helping their organizations transform themselves to meet the ever-changing challenges of their environment. Here are some illustrations of how this has emerged from a board coaching process.

The boards of Outspan and Cape fruit (Unifruca) in South Africa, through their merger process, realized that the majority of the shareholders, who were fruit farmers mostly supplying the business, were deeply suspicious of the other company and perceived loss of control. For the merger to happen there had to be a major transformation in the hearts and minds of these shareholders. The boards were insightful enough to recognize that just telling the shareholders why merger was good for the company and for the shareholders was not going to work. So the two boards requested that the board coaches partner them in designing and facilitating large events (100 shareholders at a time), which would actively engage the shareholders in working through the challenges facing the company and exploring different scenarios.

In coaching the board of a mid-size technology company through a major transition from their founders, it became clear that this was causing a great deal of rumour and feelings of unsettledness among the staff. Retaining skilled employees and future leaders through periods of transition was a priority for future success. How the board engaged the staff before everything within the board was resolved was critical. Coaching the board on how they would show up and collectively create confidence in their staff was important. Just getting the agreed script right, they decided, was not going to be enough, so they asked the board coach to be present and facilitate live when it came to the question and answer process.

A FTSE 100 financial company had realized that the process it had used to appoint its previous CEO had been very costly. Although he had led a successful period in the firm's history, the process had left several internal candidates for the role semi-detached. There had been no transparent process, no clear criteria and no feedback to the failed candidates on why one of their colleagues and not them had been appointed. The chairman asked the board coach to facilitate a different process. It included sensitive discussions between the board sub-committee and internal candidates before appointments were made and direct feedback to the successful and unsuccessful candidates afterwards.

Core Learning

As explored extensively in the rest of this chapter, boards are reluctant to stop and look at themselves; and those that do, often limit their self-reflections to the easier-to-discuss structural and process issues rather than the more personal and behavioural elements of the board's functioning.

In the case of a major professional services company supervisory board, made up of elected senior partners of the firm from different countries, the board coaches were somewhat shocked to discover that there was no formal induction process or training for the newly elected board members. Most of them were senior partners with great expertise in corporate finance, law, taxation or auditing, but nearly all of them had no previous board experience. Many admitted that, in their culture of 'expertise', you did not dare own up to not knowing how to understand the financial spread sheets or complex governance issues with which they were presented. Only the board coach, talking separately to each board member, was able to surface this dynamic and encourage the board to explore how to address it.

In Chapter 7, Coyne and Nicol look at how Core Learning is nearly always the lowest-scored area for executive boards and how they helped an executive board explore their core learning. With supervisory and unitary boards, this is even more the case. It is a hard task to build continuous, reflective learning into business as usual. It requires constant practice and support and new habits and processes, such as pauses or 'time-outs' to reflect on board process in the moment and end-of-meeting structured reviews. It also requires a shift in the culture to one where direct feedback is welcomed, the ability to reflect is developed, the importance of generative dialogue is recognized and where failure is the seedbed for learning, not blame.

Conclusion

In Chapter 14, we quote Paul Hawken (2007) who stresses that business and industry are increasingly the only institutions large enough and powerful enough to address the complex economic, social and ecological challenges facing the world today. At the beginning of this chapter, we showed how boards' responsibility is growing faster than their capacity to step up to the challenge. There is a great and growing need for effective systemic board coaches and for boards to have the humility and openness to seek their help. We hope that this chapter has made a small contribution to this urgent cause.