



August 2015

The Learning Board

We all like to think we learn from experience. But getting the most out of it needs time for reflection. How well do boards actively go about learning? Many boards lead businesses that pride themselves on being “learning organisations” and invest considerable amounts in developing – but that doesn’t always stretch into the boardroom.

Possibly boards aren’t structured to make it easy – limited time, tight agendas, heavyweight directors of vast experience and strong opinions... not obviously the most productive conditions for collective learning. So here are a few thoughts on what a “learning board” might look like, along with some bad habits to avoid.

IT WAS A STROKE OF GENIUS TO IMPLEMENT THE NEW BOARD PORTAL ON 'BRING YOUR GRANDCHILD TO WORK' DAY



Good practices to consider...

Take an opportunity to look back over the year to see, with the benefit of hindsight, where the Board could have done things better or made a better decision. What prevented it being better then, and what lessons can be learnt to make it better in future? Let all the directors – not just the chairman – suggest a few specific cases to look back at. Include things that turned out well, not just the obvious failures. And allow enough time for a good discussion.

Make sure that post-event reviews are conducted for major developments, with the learning points reported up to the Board. It might be after an acquisition, in the wake of a major project or following a big campaign push... And it’s more than seeing whether the original investment objectives were met – even if they were, it’s likely that some things could have been done better.

Be candid in recognising where something’s gone wrong and encourage a constructive debate on getting it right in future. “Has this gone as we’d hoped and expected?” is often a good place to start, with the next question being “how can we make it go (even) better next time?”

Acknowledge that complex projects and organisational changes are difficult to pull off and that not everything always goes to plan – and so, working together with management and not against, the Board sets out to extract learnings without it becoming a blame game.

Things to avoid...

Simply moving on, merging into another year with scarcely a glance behind. We all make mistakes or make judgements that don’t seem so sound in the cold light of day. Reviewing what could have been done better doesn’t have to be an admission of weakness – whereas looking how to improve is certainly a sign of strength.

Letting the sometimes genuine complexity of measuring success become a reason for not looking back at how something was managed. Or finding reasons for continually putting it off to next year. Or accepting that management are always too busy on the next project to be distracted by looking back at the last one...

At worst, going into denial that anything has actually gone wrong in the face of evidence to the contrary – though that’s not always very much worse than accepting management’s excuses without question.

Allowing “scapegoating” to take the place of learning, and thinking that as soon as someone has been fired the matter can be closed. Not really a very good way to learn from failure... especially as in large organisations there are usually many people with some degree of responsibility (including the Board). There’s nothing like scapegoating for keeping bad news suppressed.

Good practices to consider...

Things to avoid...

Look outside to see what's been going right (or wrong) for competitors and comparable organisations. A specific slot – maybe at the awayday – could be used to bring together a coherent picture of what's been happening.

Continuing to navel-gaze. Or failing to draw on management's knowledge of what's happening outside – executives are likely to be very aware of what others are up to but can be less adept at sharing that knowledge with the non-executives unless they are encouraged.

Share informal information with fellow directors. Side conversations outside the boardroom with management – and possibly staff – often bring to the surface a combination of nuggets of information, sources of concern or, hopefully, strong doses of reassurance. Most likely a pre-board dinner will be the best opportunity for learning from each other in this way but that needs structure to make sure it's not just a conversation between a few.

Failing to provide the forums that promote sharing of knowledge, so that directors operate too much as siloed individuals. Meetings will be time pressured, often with directors having to dash off quickly or go straight into another meeting. Agendas are tight and often allow little time for sharing the information each director has picked up since the last board meeting, so specific opportunities need to be created.

Where there are site visits, whether individually or in larger groups, take the time to share observations and thinking with others on the Board. Each "visitor" will be looking out for different things and seeing things in different ways, so an effort to share insights and pull them together into a collective view is often valuable.

Being whisked through the tour and coming out the other end without a chance to reflect on what you've seen. Or getting great insights from a visit – and then forgetting about them by the time the next board meeting comes around. If you can, capture the thoughts fresh in an email. Or at least share them with the Chairman, who might decide to make an opportunity for others to learn from what you've seen or discussed.

Be willing to bring in outside expertise to brief the Board – and to create the time to make it worthwhile. It might be an analyst, an academic, a journalist, a consumer champion...even a former regulator.

Not making the time – or perhaps not being forceful enough in overcoming internal resistance. Board meeting time is precious so it might be a question of inserting the occasional ad-hoc session into the "training" that non-executives are expected to make time for.

Make the learning points explicit. So when the Board has discussed a problem (a delivery crisis, significant breaches of regulation, a reputational disaster...) the discussion and summing up include explicitly the question "what have we learnt from this?" Steps to prevent recurrence are identified, but care is taken not to overdo it with knee-jerk reactions.

Discussing the problem (something everyone can engage in) but then failing to be disciplined in extracting the learnings and defining the corrective actions or what ought to be done differently in future. The Chairman and Company Secretary need to be alert to identifying and recording the specific response and actions.

Instil a mutual learning atmosphere with the executives seeing board discussions as an opportunity for learning: they don't have to come with all the answers. And the non-executives listening carefully to learn about the industry, the business and management's challenges – the fact of being non-executive means there's always something new to learn, even for the old hands on the Board.

Feeling the need to exude confidence as a director or executive. We all understand that judgements are nuanced and that knowledge is never complete. So listening matters just as much as challenge – and is more likely to happen when there's an explicit recognition of the Board's aim to be a "learning board".

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BOARD REVIEW

