



January 2016

Explaining expectations

Boards hope that the executive team they have in place is multi-talented, highly perceptive and has the ability to anticipate the needs of the myriad of stakeholders (internal and external) they have to keep happy. But too often they work off the assumption that executives also have a sixth sense which equips them with the automatic ability to understand what the Board wants.

And if you stand back, look at your Board and consider the diversity of characters, interests, ways of expressing themselves...it's not surprising that the executive team can struggle in working out what's actually expected of them. Boards can often do more to help themselves by setting out more clearly their expectations. Here are some suggestions on what that should entail – along with a description of some habits to avoid.



Good practices to consider...

Spending a bit of time agreeing the structure of the summary paper you want to see. Simply set out the headings for management to stick to (eg issue – the story so far – risks – questions for the board – what's needed from the board – management recommendation) and suggest the target length (eg two pages max plus, possibly, detail in appendices – though without letting the appendices balloon).

Try to reach an explicit consensus on the amount of detailed information the Board requires. Opinions and needs will always differ according to personal preferences but it's worth spending a bit of board time to give guidance on how to square the circle using different structures and media (eg putting detail in the appendix, use of a "reading room" for those who want more, etc).

Giving guidance on good writing and presentation by providing the odd good example and praising papers which work well. That might mean spending a bit of time sitting down with the author to give practical guidance. Or maybe encouraging management to hold a "good writing workshop". Or possibly getting in a professional writer to knock out a few examples and give a bit of training.

Things to avoid...

Just assuming that what's needed is understood. Very few of the management team will have any experience as a non-executive director so it's difficult for them to put themselves in the shoes and anticipate what's required. So help them out by setting out what's needed from a NED perspective.

Leaving management to work out how to reconcile seemingly irreconcilable differences in what's needed. That's a bit unfair. And often it ends up with continuing frustration on both sides, with complaints over insufficient or excessive detail leading to aggravation or a simple surrender involving the continued provision of lots of detail as the line of least resistance.

Assuming all managers know how to write – and then getting frustrated when it becomes apparent that they can't. Often they'll come from a range of backgrounds – and probably few of them are used to writing clearly and succinctly. Civil servants and former army officers are often good at this – if you have any on the payroll, see if they can help.

Good practices to consider...

Things to avoid...

Maybe not quite issuing a blanket ban on the use of Powerpoint and slide “decks” as a format for papers – but at least making sure it’s not the norm. Short papers written in prose are usually a lot more effective at building up an argument and setting out of a logical thought process that can be readily followed by a non-executive director who is likely to be less familiar with the issue than the executives.

Making it clear that exhaustive slide presentations and walking through the pre-reading paper is simply not wanted. A two-minute warm-up should be all that’s needed, then straight into discussion.

Keep pointing out (preferably nicely) when they stray or slip back into bad habits. We all know that it’s hard to learn and change our ways – and so it’s helpful and constructive when we get feedback.

Setting out clearly what sort of information the Board wants to receive between meetings. Giving examples can help – so if something happens that you needed to know about but which wasn’t communicated, let management know. When they get it right, tell them it was helpful. Or if it gets to be too much information, explain why.

Considering the cost when requesting extra information. Usually it’s not a cash cost – but management or staff time can quickly get eaten up in preparing information for a director which may then be of only limited benefit.

Checking at the end of each agenda item that what’s been asked of management is clear (next steps, further information, etc). This falls to the Chairman – and if there’s a sense that it’s still not clear, the Company Secretary needs to either prompt the Chairman or at least try to tie up loose ends after the meeting.

Confirming from time to time that the information provided is still needed.

Letting management get away with loose analysis and argument by resorting to a series of bullet points presented without a narrative commentary. Slides might work to support a presentation where the spoken explanation sets out the links and flow (although that’s debatable too) – but they rarely work well as a standalone paper which acts as effective pre-reading.

Not pulling the presenter up when they launch into a presentation (a task for the Chairman). Or failing to point out when they kick off with “I’m not going to present the paper” and then go on to do precisely that.

Giving guidance on papers and then merrily letting people carry on as before. As any dog owner or parent knows, reinforcement and consistency of message are all important.

Expecting management to know what’s needed, and when. Often they will be concerned not to inundate non-execs with too much operational detail. Or they simply might not think about the non-executives between meetings (out of sight, out of mind). Whatever the issue, some specific guidance can help avoid misunderstandings and mitigate the risk of surprises.

Assuming that the information will be readily to hand or can quickly be put together. Or that it should be easy for the manager to fit it into an already busy day and “to do” list. Make sure the request is well thought-through and well set out – and an explanation as to why it’s being requested can go a long way to helping the manager feel that it will be time well-spent. And then somehow give feedback which gives reassurance that it’s actually been used.

Assuming, when the agenda items comes to a close, that it’s obvious to management what the Board has decided or requested. A combination of many different factors – time pressures, the different styles of each director, the style of the discussion and interventions...can all mean that what’s intended actually isn’t very clear at all. That can leave management scrambling to work it out, second guessing or missing the point.

Letting part of a standard report stay by default even though nobody finds it useful anymore - or it's now duplicating information provided elsewhere.

INDEPENDENT AUDIT



Independent Audit are leading specialists in governance, risk and assurance. We help clients understand and improve the effectiveness of their governance, including the board and its committees, internal and external audit, and risk governance.

If you have any questions on the issues covered here, please contact Richard Sheath at richard.sheath@independentaudit.com

This eBulletin is published monthly. To see back issues click here: "[The Effective Board](#)".

To subscribe click [here](#)

© Independent Audit Limited
www.independentaudit.com
+44 (0)20 7220 6580

INDEPENDENT AUDIT

BOARD REVIEW

