



## What a year!



Many will be relieved to see this tumultuous year come to an end. For most it's been a bit of a roller coaster... and the typical reader of our e-bulletins has left their roller-coasting days behind them. If they are to be found on a roller coaster at all, it will be under duress from someone half their height, and they will spend the entire ride praying for that wonderful moment when they can get off...

To mark Christmas and the end of the year, for our seasonal issue we're going to break out of the usual Bulletin format with a quick review of what happened in 2016 – and what [boards](#) might learn from them. We don't claim to have this right, and really just pose a few thoughts to chew over. But one clear message from this year is that it's worth standing back and asking "what happened there – and could we have been better prepared?"

We wish all our readers a Happy Christmas and every success in 2017.

### Good practices to consider...

The seemingly impossible happened. Against the predictions of the polls and pundits and the judgements of the Wise Men (and that probably includes most of us), Trump came to power and the UK voted to leave the EU.

### Things to avoid...

In scenario planning and trying to spot those black swans, don't be too dismissive of the seemingly impossible. That doesn't mean you should try to look at every possible scenario, but ensure that the range of possible outcomes includes the extremes – the least expected just might turn up. The consequences might not be clear – or even immediate. But better to ask about the company's ability to cope with extremes than to be caught high and dry.

## Good practices to consider...

Previously unheard voices made themselves heard. There may well be some societal change underway. Maybe there are undercurrents from reactions to globalisation, migration, technological, political and economic alienation... is anybody quite sure? But whatever the cause, the attitudes and intentions of large swathes of people appeared to have started changing – and it no longer looks wise to assume that they will stay in their place while those who know best get on with running things.

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The political winds appeared to change direction – but it's not clear how or for how long. Reading the runes in the US is tricky and requires new skills of interpretation (not to mention a nocturnal liking for Twitter). Noises in the UK might – or might not – result in a different regulatory and media climate for business. Political risk is no longer a foreign issue for first world companies – it starts at home.

Pollsters continued to struggle with the effects of social change and new media. Economic forecasts were weaponised by politicians and taken to extremes, in the process threatening further their diminishing credibility. As the world becomes more uncertain, we have less and less reason to trust in the traditional guides to the future.

New media became a game changer. That's not exactly new and Obama had led the way. But connectivity, Twitter and social media are allowing messages (true or false) to flow in new ways and become embedded in mindsets before there's a chance to respond. And although not a seismic event, generational attitudes to receiving, listening and communicating continued to change in 2016 – and at unpredictable speeds.

## Things to avoid...

If changes in attitudes are having a political and social impact, can corporates remain unaffected? Can they stay aloof – or dismiss social and political change as a passing phase with little impact on business? That's starting to look unlikely. [Boards](#) may have to think much more about their customers, staying closer and watching emerging trends as changes in society impact the customer base or the B2B environment.

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The relationship between business and government is confused but – sticking to what we know something about – it seems unlikely that expectations of corporate governance will diminish. The norms that we've become used to over the past ten years or more might be upset. So maybe it's worth getting on the front foot on diversity (of all sorts), maybe it might just be worth thinking that bit harder about relationships with customers and other stakeholders... and perhaps it's time for boards to spend some time thinking through how the company is perceived and why – and how it might be possible to respond to unhelpful trends.

Maybe we all need to be more questioning: there are things happening out there that few understand. So, we have to be that bit more sceptical and do more thinking for ourselves. We can't rely on the traditional sources – journalists and specialists are also being buffeted by events. So, more than ever, we need to stay tuned to other messages, use our common sense and put out other feelers.

Boards need to be thinking much harder about customer reach and reputation [management](#). Traditional PR and IR may not be enough anymore – and customer contact may well need rethinking. The reputation risks are more acute: once a bad message is out there, it's not clear what you can do even if it is patent nonsense. Is a broader, more imaginative strategy needed to be on the front foot on image and connecting with customers and opinion formers? And do we have a sufficiently well-prepared response for when things go wrong?

## Good practices to consider...

Corporate reputations were lost in a nanosecond – or at least in the time it took for the Treasury Select Committee to get into its stride. Maybe that's nothing new or particular to 2016, but the social and political environments are probably the least forgiving for a long time, and politicians are looking to get ahead of the social curve. In an age when experts are discredited because they are expert and truth is defined by personal preference, being right is no longer an adequate defence.

Phones started exploding. OK, so that's a one-off... or is it? New technology is taking many companies into uncharted territory where the odd hidden reef could be fatal.

[Cyber risk](#) became ever more real. Whether it's hitting your customer database or interfering with emails, whether it's organised, sporadic or computer-generated – this is now a risk that everybody is having to live with.

But it's not all bad. 2016 saw many examples where hard work paid off. Team GB won even more Olympic medals than in London – the first host country to increase its tally at the next Games. The Murray brothers were both World Number 1 at the end of the year – who would have thought that for British tennis? And, talking of brothers, just think what it takes to be a Brownlee (or their parents).

Or maybe it was that bad...England made a more than usually ignominious exit from Euros 2016 at the hands – or rather feet – of a previously ignored competitor.

## Things to avoid...

It's always worth standing back from time to time and just checking: what are we doing that, if it hits the headlines, we'll come off worse? There will be practices that seem innocuous and legitimate to us because we've always done things that way or because the small print says they're okay. But just how feeble do those excuses sound when you imagine them under the unforgiving spotlight of public and media scrutiny?

Are the [risk assessments](#) around new products and services as robust as they need to be when new technologies are introduced? Are new levels of scepticism as well as testing needed? And are we fooling ourselves that if a risk isn't on our list then it can't exist?

Accepting that, yes it could – and will – happen to you! This means making sure there are plans in place for when the hit happens. Some boards have already recognised this and are now much further ahead in their understanding and oversight of preparedness than they were even a year ago. Others are still just hoping it won't happen to them – an admirable mitigation strategy, until suddenly it isn't.

Aim to excel. It takes a lot of planning, hard work and a relentless focus on the drivers of success. Are boards good at really pinning down what it takes to win gold, join the elite and set records? Do they really know what excellence looks like? And when success happens, how good are they at celebrating it? [CEOs, management](#) and staff are only human and need to feel that they're making progress. You might not want to hang medals round their necks but they will be motivated by recognition of success.

We shouldn't rest on our laurels – especially when past glories date from the 1960s. It's time to look to the future, with its threats – and its opportunities. Roll on 2017!

### HOLD THE DATES IN 2017:

#### **TOO MANY COOKS - MULTIPLE STAKEHOLDER BOARDS:**

A roundtable, followed by lunch, for company secretaries of "multiple stakeholder boards" (eg associations, membership bodies, co-operatives...) on 19 January at 11.00am for 11.15 followed by lunch.

[Click here to register your interest](#)

#### **SUBSIDIARY GOVERNANCE WEBINAR**

Our next webinar on **7 February 2017** at 12:00-12:45, will focus on **subsidiary governance**. We will give you a few practical tips around **making subsidiary board governance effective**.

[Click here to register your interest](#)

**Launching in 2017:**

'Assurance, Risk and Compliance' self-assessment questionnaire bundle – if you would like to receive more information [register your interest here](#).

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