



November 2017

Director Performance Review

It's a tricky one. Chairmen know they are supposed to conduct an annual review of [individual director performance](#) – and most do. But we too often see [boards](#) where the discussions don't seem to work very well. There's an awkwardness about giving highly experienced and successful individuals a "performance review" which can mean that issues aren't addressed and directors don't get the feedback that would help them in their own continuing development.



Here are a few suggestions on how to make these reviews happen and work well, along with a few not-so-helpful practices to avoid. It's a complex area and we don't cover all the ground here, so if you'd like to talk it over more, do let us know.

Good practices to consider...

See the discussion as a positive opportunity. Knowing that there is going to be a scheduled discussion can help make sure potentially thorny points can be aired or frustrations shared, rather than letting them slide. And often points will be raised that will help the Chairman and the Board as a whole, as well as the individual.

Start from the position that everybody has something to learn, no matter how experienced they are. (Even including yourself – yes, really!) It's not a performance evaluation – it's an opportunity to discuss maturely how a director is contributing and how they might be helped to contribute more. It's about development – maybe style of contribution, extent of participation (and overcoming any obstacles to participation), opportunities to add more value, training or briefing needs, coaching or mentoring...

Things to avoid...

Seeing it as a bit of an annual governance chore that has somehow to be fitted in to keep the Company Secretary quiet. It's actually an opportunity to make sure the Board is working well and getting as much as it can out of the wisdom and experience around the table.

Avoiding the difficult conversation by dodging the issues. Or slipping into excessive informality because it all "feels a bit awkward" (possibly a particular challenge for easily embarrassed Brits). Directors set high standards for themselves as well as for others, and they want to know their contribution is having the desired impact. They won't get much feedback from any other source and they should be able to see it in the positive way it is intended. So, the Chairman should make sure that any knotty issues are not skirted around – and aim for a clear agreement on development points and, if necessary, actions.

Good practices to consider...

Things to avoid...

Discuss each director's strengths (not forgetting to praise particularly strong contributions) and how they would like to contribute more. Often we meet NEDs who are frustrated because they feel they have more to bring to the table but circumstances don't allow them to add this extra value.

Forgetting to give praise where it's due, and using the chat as an opportunity to highlight "weaknesses" rather than to discuss how best to leverage each director's strengths. If they have particular specialist areas of expertise or experience, discuss how these can be brought to bear more – weather in the boardroom or outside.

Make it balanced. Often development will be a two-way street: there may be things that the Chairman, fellow directors, the executives or the Company Secretary could do differently to help the director contribute more effectively or to tackle his/her frustrations.

Making the director feel it's all up to him/her. Especially when you're dealing with very experienced people, it's more likely that something is needed from others too. For example, if a director is thought to be not participating in discussions sufficiently: is the Chairman allowing others to dominate or talk over them? Missing their points? Not allowing enough space for a non-native English speaker to form sentences before others jump in...?

Give the discussion some structure to help make it clear that it is intended as a fully open, professional review. That doesn't mean it has to be formal – in fact, informal is often going to be better. And while it might help if the Chairman has some criteria in mind, there's no need to over-engineer the process with complex forms. But it does involve preparation, with both participants thinking ahead about (and noting down) the points they want to make.

Just turning up and then seeing where it goes. This rarely works well for any sort of meeting. Throughout the year, thoughts will have occurred to the director and the Chairman alike – so it shouldn't take that long to jot them down beforehand. Remember to try to give tangible examples to illustrate your points and avoid vague statements like "you are not contributing well" or "your challenges are too aggressive".

Canvas views from others. The SID, CEO, committee chairman and Company Secretary should always be asked. And others will have views too, gathered either informally or as part of a more structured "360-style" peer review. Board review interviews can also be a useful source of feedback to the Chairman.

Basing the discussion solely on the Chairman's view. He/she will probably already have picked up on the main points. But grumblings from other directors might not have reached the Chairman's ears. Comments from executives in particular may have been held back or not been heard – whereas the CEO has probably picked up on them and will be unlikely to hold back in sharing them with the Chairman.

360-style peer review and board review feedback should complement the Chairman's discussions, not replace them. These are often insightful, but they need to be handled with great discretion so as not to cause unnecessary upset.

Abdicating the Chairman's responsibility for giving feedback and helping board members to develop and contribute to their fullest, and instead shuffling the responsibility off to a computer system or consultants. No matter how good these supporting services might be, it's still the Chairman's job to look the board members in the eye.

Good practices to consider...

Things to avoid...

Allow enough time to have a meaningful conversation. By the time you've got through the social niceties – and maybe even had to cover some immediate board questions – you'll have already used up a good slug of time. And you probably need a bit of a "warm up" to get into the right mood for an open discussion. So, make sure you then have at least another half hour after that.

Thinking you can cover the ground in just a quick chat: 15 minutes might be enough for a discussion of the "You alright? Yeah, I'm alright" variety but that's unlikely to be very insightful or constructive. If some really have to be fitted around the inevitably-overrunning board and committee meetings, save those slots for the directors who have to travel a long way.

Spread it out over the year. That way there's time for unrushed discussions that can be scheduled for times that suit everybody – and that's likely to lead to a much more relaxed and fruitful discussion. It also means you nip emerging issues in the bud rather than letting them bloom while you wait for the annual cycle to come round.

Trying to cram in all the one-to-ones within just a few weeks as the end of the reporting year looms. It will be hard to do justice to the discussions in these circumstances. And who says board members' continuing development needs to be part of the annual reporting routine, anyway?

Make yourself available. Company Secretaries don't have any control over NEDs' diaries and it's difficult enough as it is to schedule regular and ad-hoc meetings. So, make it a priority to fit in a meaningful amount of time.

Saying you're very willing, but somehow always having it well down your priority list. You don't want to get to the position where the Chairman becomes frustrated and gives up.

Work out what setting is going to work best. It will vary: with some, an informal "fireside" chat or even dinner might be best; with others a more formal meeting room environment might lead to a better discussion.

Assuming that what suits the Chairman is going to suit the other person. For some, a more formal setting helps them bring focus to the discussion or helps them get concerns on the table in an overtly professional way. Others will open up more – or be more open to constructive suggestions – in an informal environment.

Link it succession planning. Directors appreciate knowing what the next few years might mean for them (and it's an opportunity to check their intentions). And discussion of how they can contribute should form part of the overall skills analysis and planning.

Taking confidentiality to excessive extremes, so that development help isn't offered, and any overall view of the Board's collective strength remains only in the Chairman's head. Points from the discussion need to feed into the Company Secretary's succession plans, skills matrices and board and director development training.

[Independent Audit](#) can help with your individual director assessment. We have structured questions sets for executives and non-executive directors, which allow board members to review one another. We also have questionnaires for evaluating the Chairman and committee chairmen built into our online self assessment tool, Thinking Board®. And as part of our external board reviews, we can gather views on individual contribution and skills.

