

How brave do we want to be?



A board's eye view with Anna Bateson

Each organisation follows a unique board rhythm. Many designate quarter three as a time for strategic thinking. Armed with advice from multiple sources (Amazon currently lists nearly 101,000 books on the subject) the board navigates the complex vocabulary of

hierarchy of questions. 'How brave do we want to be?' is joined by 'How much are we willing to invest in the new, the novel, the innovative?' and 'How long do we have before we need to show a return on that investment?'. This in turn begs the question 'Who decides how much and how long?' At this stage, the board may digress into a lengthy discussion on whether they are



Delivering brave strategies requires active, visible board leadership.

strategy. Increasingly they engage independent facilitators to guide them through the process.

Like any developing language, multiple words and definitions are available for each of the core strategic principles. One man's vision may be another's purpose or mission or strategic goal. The way we ought to behave might be values, ethics or principles. Perhaps the most helpful suggestion is to make sure you all agree on what you mean when using any of the terms. Focusing on the question you are trying to answer is one way of reaching that agreement.

So the question 'How brave do we want to be?' is an early one in the strategic thinking process. Business leaders are encouraged by strategy writers to 'differentiate or die' to 'boldly go where no widget maker has gone before'. They are reminded that following the same tried and tested paths is likely to bring you to the same destination as everyone else, possibly a little slower and probably only to discover it isn't where you need to be because the World has moved on.

Determining board bravery, or entre/intrapreneurship, or risk appetite involves a

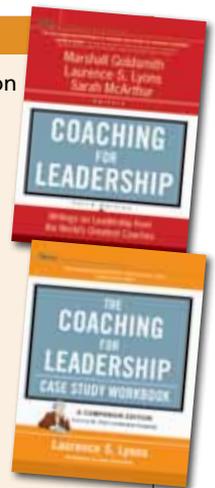
loved by their shareholders, how closely their actions are monitored and where they fit into anyone else's portfolios of interest. Already it is clear that levels of bravery are determined by a complex web of factors, many of them external.

Internally, the nature and composition of the board will also impact the discussion. Long serving board members may share sage stories of what happened when brave decisions were taken and things went wrong. A quick review of organisational history may provide several lessons. Refreshing the board may promote or inhibit bravery. The lack of legacy baggage carried by new board members has the potential to increase risk appetite. Alternatively, new entrants may have been recruited to help steady a ship, out of control. Each individual director will have a level of natural bravery, determined by the sum of their experiences. Around every board table, perceptions differ and the richness of debate is essential. Members of a high performance board will openly share their individual perspectives in order to arrive at a collaborative response to the question of board bravery. To quote one experienced headhunter,

May 2012 saw the publication of two books destined to grace many boardrooms. They will be pored over by directors seeking to develop the leadership of their organisations. The third edition of *Coaching for Leadership* provides writings on leadership from the world's greatest coaches. Warren Bennis, distinguished Professor of Business Administration at the University of Southern California calls it, 'the single best collection of writings and writers on executive coaching.' Combining robust analysis with practical application, authors tackle current issues such as 'coaching at the heart of strategy', 'leading across national boundaries' and 'coaching for governance'.

The culmination of 12 years' research with the world's top management writers sees the addition this year of *The Coaching for Leadership Case Study Workbook*. Dr Fink guides you through the rough and tumble of corporate business, where crazy things happen and it can be tough to survive. According to Professor Nancy Adler from McGill University, 'after reading one story, there is no way you will put down the book without reading all of them.' With tales of post-merger madness and ethical myths and realities, the author, Dr Laurence Lyons, takes us on a roller coaster journey combining humour and powerful punches.

Dr Lyons joins the ICSA Company Secretaries Conference, 'Developing Situational Intelligence' workshop, led by Anna Bateson on 27 September.



'What some directors regard as breakthrough technology can be described by their colleagues as disruptive technology.'

Deciding how brave you want to be is only a first step in an iterative process. Since the surrounding context is continually changing, the wider environment and market dynamics will require you to revisit your decision regularly. To inform that review, the cornerstones of an effective strategic process will include orchestrated scanning of the factors likely to

materially affect the strategic choices you have made. As well as bringing new information to the board table continuously, members need to ensure they are provided with sufficient thinking time. It is naïve to suggest that brave options can be surfaced, assessed and decided upon in a mechanistic fashion. Unlike action oriented, operational problem solving; brave, new strategic steps require reflection. While scheduling time to consider, the board will also need to discourage prevarication intended to derail new ideas.

Delivering brave strategies requires active, visible board leadership and agile business models. Given that the organisation is continuously anticipating and adapting to a turbulent external environment, responsiveness is a key design principle. Far from being a debate about how to shuffle existing resources, the question is, 'How should we configure our capability to produce value for the stakeholders we have chosen to engage with?' Building flexibility into the organisation's DNA requires brave thinking about whether resources need to be owned or borrowed and for how long. It also requires a clear understanding of how the organisation creates value, what makes it distinctive in a competitive market and what matters most in the sectors in which it operates. Describing the business model which delivers this value in a way which your stakeholders can understand is becoming a major preoccupation for boards. Elevating that description beyond structure to encompass culture, talent, processes, supply chain relationships and funding is becoming an art form. And the key message is that people have to believe you know what you are doing. ■

» About the author

Anna Bateson is the founder of business consultancy 'Cutting Through The Grey', www.cttg.org, and works extensively with boards and business leaders, addressing the challenges of leading strategic change and delivering governance. In May she launched the ICSA training course 'Strategic Skills for Company Secretaries'. This is the third course in a programme of personal skills development for company secretaries and fits with 'Influencing Skills' and 'Leadership Skills'. In collaboration with global expert, Dr Laurence Lyons, she researches, writes and consults on the development of 'Situational Intelligence™' and her work on coaching for governance has been published in *Coaching for Leadership* and *The Coaching for Leadership Case Study Workbook*.

Engaging performance



The Olympics are upon us. How will the UK perform? Will we pull rabbits out of hats in sporting disciplines where we've previously had no track record of success? Conversely, will we drop below expectations in those sports where we've recently thrown off the mantle of 'also ran', and are now front runners at the pinnacle of success? How good are we really at cycling, for example? Was it just a flash in the pan moment or beginner's luck that took the England squad to the top in Athens four years ago, or are we going to prove that we are consistently of gold standard?

When it comes to sporting – or indeed wider – achievement, Britain is generally considered to have a positive attitude. We talk about 'wartime spirit' and relish memories of situations when we pulled together against the odds to defeat an adversary. The worse the outlook, the greater our efforts; the David and Goliath scenario is played out again and again.

So, here's the ambiguity: when does this approach become destructive? When does the focus move from inspiration through shared mutual purpose and reward, to disengagement and damaging selfish personal ambition – or vice versa?

Taking the business context, there has recently been much debate about the impact of change from a full partnership status, to a limited liability status in the professional advisory and financial services sectors. In particular, comparing and contrasting the perceived selfishness of a profit-sharing regime, with the apparent loss of accountability resulting from an employer/employee relationship, has been an important topic.

But isn't this simply two sides of the same coin? And isn't it just an attitude of mind? On the one hand, any team or business or group, regardless of structure, can share an instinctive empathy and thus create an atmosphere of mutual trust and confidence, or exist in an environment of suspicion and a defensive 'every man for him/herself' attitude.

Positive thinking, employee engagement and personal authenticity are new buzz words, but the issues they are seeking to address have always existed: at what point does a family-orientated approach become croney-ism in business? Can inclusive and diverse relationship networking develop into an elitist clique? Is empathy more important than judgement; and does a lack of empathy equate with 'being out of touch'? The list could go on...

What these questions demonstrate is that there is certainly a lot to consider. While the World anticipates the start of the Olympic Games 2012, it seems that there's definitely a place for engaging the potential of the Olympic spirit beyond the sporting arena.

Caroline Evans is Director at CSS. More details can be found on www.companysecretarial.com.

Time to go

The CIPD has described proposals for the use of settlement agreements between employers and employees as a 'definite improvement on the blunt weapon of compensated no-fault dismissal proposed by Adrian Beecroft', but warns it against overselling or oversimplifying the reform.

In his opening speech at the second reading of the Enterprise and Regulatory Reform Bill, Business Secretary, Vince Cable, explained that, 'settlement agreements are smart, fair and pro-business reforms which deliver results for employers and employees.'

Under the measures employers will be able to offer settlement agreements before a formal dispute arises and will be legally protected from this offer being used as evidence in an

unfair dismissal Tribunal case. Employees will also continue to enjoy full protection of their employment rights.

Although a step in the right direction towards cutting red tape around employment regulation, Mike Emmott, Employee Relations Adviser at the CIPD warns: 'It is important that, in promoting these new proposals, the Government exercises its duty of care to employers in not overselling or oversimplifying what it is doing here.'

'While the proposal is intended to cut red tape and make life easier for employers, without very careful drafting there is a very real potential for the creation of complex disputes and legal arguments about whether any given conversation or settlement agreement falls within the new regulation,' he added.