Skin in the game: A board perspective

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Today’s reality

Rapidly changing context
Complexity; few absolutes
Shareholder expectations
Compliance demands
Board’s role: great outcomes
Smart decisions
Towards effectiveness
Strategic competence

Encapsulates capability, intelligence and cognition of directors: their ability to learn and apply relevant skills, expertise and knowledge to perform tasks effectively.
Active engagement

Demonstrable commitment to the board and overall aims of the firm, and high ‘in-role’ performance. Includes adequate preparation before meetings, active participation and debate during meetings, to inform decision-making.
The motivation and resolve of directors to contribute to the board’s work, with the firm’s agreed long-term purpose as the guiding principle.
Collective efficacy

The ability of directors to work together to make strategic decisions and secure the CEO’s commitment to execution. Evidence: characteristics of cooperation, situational awareness, social exchange and commitment.

Strategic competence

Active engagement

Sense of purpose

Collective efficacy
The appropriate actions of the board in response to inputs provided including reports, tacit knowledge, answers to questions and prevailing context. Analogous to coach providing guidance.
“If the board is not purposely taking the company into the future, who is?”

– John Harvey-Jones, 1974