The Effective Board

INDEPENDENT AUDIT
BOARD REVIEW

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Setting the agenda

It seems pretty straightforward. You've got a good routine going, carrying forward the standard agenda structure and checking with the Chairman and CEO whether they're happy. It's a structure that's worked well for years and the headings seem pretty obvious. So why bother changing the way the agenda is set? Maybe no change is needed in your case.

But in our work with boards we see quite a few situations where the agenda is not leading the discussion in the right way. Sometimes a few tweaks are enough to make a big difference. So just to help you challenge your thinking, here are a few things that work well – and a few not-so-good practices to dodge.

Good practices to consider...	Things to avoid...
Be rigorous in asking yourselves whether the agenda structure helps you focus on the main strategic issues. At least for some meetings (and possibly all), use that first part of the agenda, when everyone is fresh and there's the least time pressure, for the "big themes".	Following a standard pattern which means that the first part of the meeting is focused on executive reports of recent but historical performance. That matters – but it doesn't need to come first every time, and anyway much of what's in those papers should usually be taken as read. Instead, let the agenda drive a focus on future development and challenges.
If you do open with a "CEO Report" item, ask that this should set the scene for discussion around what the Board really needs to give its time and attention to. And of course, exactly the same principle can apply in the Risk Committee, if you have one – the CRO report can be the introduction to the meeting. (It's not quite so easy for the other committees where the executive accountability is divided, but might be worth investigating.)	The CEO's verbal report being mainly about what's happened since the last board meeting. That information should be in the pre-read. And the pre-board lunch/dinner is a good opportunity for the CEO to talk informally about what's been going on and, importantly, what's most on his or her mind. Using the CEO report as the introduction to the meeting also helps to avoid another typical problem – too much operational detail.
Challenge whether a structure along the lines of "CEO Report followed by CFO Report" really sets the meeting up properly. It will always be a question of balance – and of course boards do need to monitor financial performance. But does it work for a board needing to hold the executive to account for delivering on the strategy?	As predictably as the sun, the CFO follows the CEO with a description of financial performance…what went up, what went down. Yes, that matters. But it needs to be tied into the strategic themes/targets or big initiatives if it's to help the Board understand performance against strategy, and it's easier to do this if it comes later in the meeting after discussion of the big strategic themes.
Put the formalities at the end. That helps makes sure that they don't unintentionally take up more time than they merit or set a tone of formality and bureaucracy. And if a director sees the need for significant discussion around something that is classified as a formality, that should ideally be communicated to the Chairman beforehand so that time can be allowed for it.	Starting off with the "formal items" to get them out of the way – but then allowing the discussion to drift into interesting, but maybe not top priority, areas at the point in the meeting when there isn't so much time pressure. That way the more important things get squeezed towards the end of the meeting.

Good practices to consider…	Things to avoid…
Make sure the "forward agenda" is strategic and allows good sessions for the big themes/issues/risks over the year, not just at the annual offsite. And then keep it rolling forward so there's always a view, say, 18 months ahead.	Using the Forward Agenda simply to list the compliance and reporting items and dates that the Company Secretary needs to make sure aren't missed. Yes – that type of tracking is needed – but stopping there misses the opportunity to make sure the strategic and risk ground is covered in sufficient depth.
Making sure the timings in the Forward Agenda are in line with what's needed by the executive. Strategic review, risk consideration, budgeting…it all needs setting up in line with a sensible timing for management.	Letting the timing (scheduling and time allowance) being driven solely by what looks right from the company secretary's viewpoint. What might make sense from a compliance point of view – or in terms of keeping time balanced well across meetings – might not work so well in the CEO's eyes. Things can often be improved by a sensible discussion about what needs to be achieved in the meetings and how best to do it.
Discussing each meeting's agenda well in advance with the Chairman and the CEO – ideally very soon after the last board meeting. That gives management the maximum amount of time to think through what's needed to support the Board's discussion – whether that's papers or pre-discussions.	Failing to involve the CEO or the Chairman (or sometimes both..) in formulating the agenda sufficiently far in advance – or maybe not at all. Or putting the draft agenda together just a couple of weeks before the meeting so it all becomes far too rushed.
Looking at the board and committee agendas all together. Committees need different amounts of time at different times of the year so the overall schedule needs to accommodate these. And sometimes committee meetings are best held a week or more before the board meeting, so that management is able to deal with matters arising from the committee before a summary report goes to the board.	Keeping to a fixed schedule with the board meeting timing dictating in an inflexible way how much time each committee is allowed. That can result in a committee not being able to cover what it needs to in sufficient depth.
Working out the purpose of any pre- or post-meetings where the non-executives meet together. And then keeping them short and to time – especially pre-meetings, so they don't eat into the schedule.	Having an unclear purpose (and too much time) for pre- and post-meetings, so they run the risk of turning into parallel board meetings. There are some things that are best discussed without management and that's what the meeting should focus on. It's not helpful to stray into matters that can't be resolved without management input – so either be disciplined in the scope of discussion, or bring the CEO, at least, back into the room.

We have recently seen an interesting (and short) paper on how to tackle risk in the annual report - we hope you find it interesting - download here.

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

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