

Board Effectiveness Survey

"Boards can demonstrate their leadership, their commitment to good corporate governance and accountability to stakeholders by conducting an independent review of their effectiveness."

Why conduct a Board Effectiveness Survey?

With the Global Financial Crisis and the increasing call for improved corporate governance and board accountability, right now is one of the most important times to carry out a world class Board Effectiveness Survey.

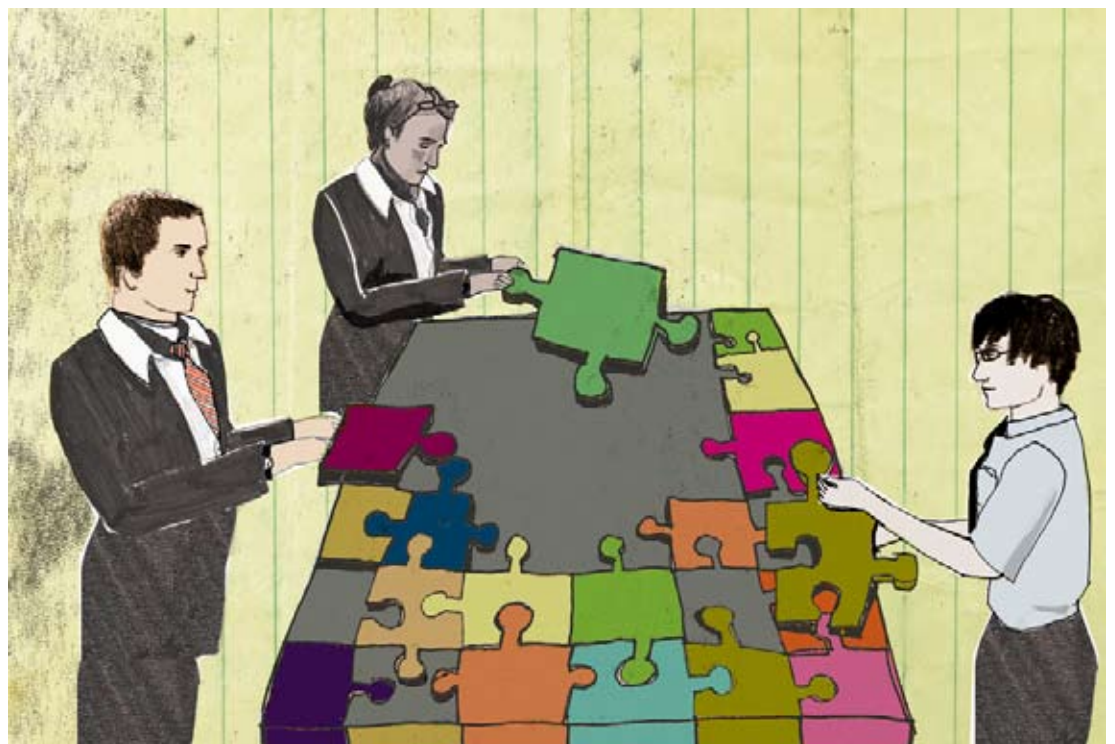
Boards can demonstrate their leadership, their commitment to good corporate governance and accountability to stakeholders by conducting an independent review of their effectiveness.

Most people understand the importance and benefits of a regular medical check up to identify any risks to their health and to determine whether their bodies are functioning to their optimal capacity.

In a similar way, Boards Insync recommends the regular use of its Board Effectiveness Survey to determine any risks to the "health" of the board and the extent to which it is functioning to its optimal capacity.

Many countries now have stock exchange, prudential and other regulations that require organisations to conduct a regular board review.

It is important, however, that a review of a board's effectiveness isn't seen purely as a compliance or box ticking exercise, but rather one that can contribute to enhancing board performance.





The Board Effectiveness Survey benchmarks the effectiveness of boards against comparable organisations whether they are public or private companies, government or not-for-profit entities.

The Board Effectiveness Survey has been designed to review the effectiveness of the board as a whole and not as a review of the effectiveness of individual directors.

The effectiveness of individual directors can be assessed using the separate Director 360 Survey which is a valuable tool in a learning, development and improvement program for individual directors.

A board review can be done by using the Board Effectiveness Survey either separately or in conjunction with board member and management interviews, reviews of board charters, agendas, board papers, minutes and the like by experienced board specialists.

The comprehensive report that is prepared following completion of the survey is designed to measure the current extent of effectiveness and to highlight improvement initiatives.

A sample of the report is included on our website.

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Main benefits of the Board Effectiveness Survey

The purpose of the Board Effectiveness Survey is to identify actions that can be taken to improve the effectiveness of a board. Board members are taken through a comprehensive range of issues relevant to the board's effectiveness in a structured way.

The benefits of using the online Board Effectiveness Survey include:

- many issues that may not otherwise be included as part of a board review are considered
- board members are able to balance their consideration of each issue against the other issues in a well designed survey that takes less than 30 minutes
- board members consider the issues in a consistent way by responding to the same survey statements in the same order and using the same response scale
- benchmarking the board's responses against other boards enables the prioritisation of issues
- board member views are equally weighted and aren't biased or impacted by the view or emotions of other members or consultants
- the survey is independently carried out by Boards Insync, which offers anonymity to respondents and encourages candid responses.

This survey is a very useful, cost effective and unobtrusive way to quickly highlight issues that may need further attention. The survey does not replace the need to take appropriate action in relation to issues highlighted, nor does it override the need to take other steps to review and improve board effectiveness.



Comprehensive survey framework

The Board Effectiveness Survey is based on a comprehensive survey framework of 10 areas that impact the effectiveness of a board.

The survey statements included in the Board Effectiveness Survey cover 120 distinct matters. The survey statements are designed to be penetrating and to encompass good board practice. Director written responses to four questions add context and improve the usability of the report.

The survey was designed by Board Benchmarking, an organisation associated with Insync Surveys. It integrates with the Audit Committee Effectiveness Survey and is also complemented by Boards Insync's other board surveys. Greater insights are gained by organisations that carry out more than one board survey during the same period.

As with all Boards Insync's board surveys, the survey framework and the relevant survey statements can be tailored to meet the requirements and specific circumstances of each client.

The 10 survey framework areas and the main matters addressed in each framework area are shown below.

1. Board structure and role clarity

*Board charter
Board structure
Independence
Non-executive directors
Board committees
Expectations clear*

2. Board composition

*Director selection
Director qualities
Induction
Education and training
Effectiveness assessment
Director remuneration*

3. Board and committee leadership

*Chair integrity
Chair leadership style
Decision making process
Board workload
Committee chair roles
Effectiveness assessment*

4. Board behaviours and dynamics

*Teamwork
Not side-tracked
Constructive discussions
Informal communications
Nothing off limits
Meeting arrangements*

5. Board and management relationships

*Oversight versus management
CEO authority limits
No mixed messages
Chair and CEO relationship
Bad news communicated
Contact between meetings*

6. Meetings, agenda and minutes

*Management influence
Annual schedule
Discussion time maximised
Follow-up
Executive sessions
Minutes of meetings*

7. Information and internal reporting

*Information quality
Stakeholder information
Performance information
Independent advice
Use of information technology
Reporting of ethical concerns*

8. Direction strategy and planning

*Long term direction
Strategic plan
Key performance drivers
Alternatives considered
Remuneration linked
CEO welcomes input*

9. CEO, organisation performance and compensation

*CEO performance appraisal
Remuneration packages
Performance monitored
Incentive programs
Succession planning
Major projects*

10. Risk, assurance and external communication

*Risk management systems
Risk appetite
Internal control systems
Compliance programs
Tone at top
Stakeholder contact*

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About Boards Insync

Boards Insync is the specialist board survey division of Insync Surveys. It has one of the largest suites of integrated board surveys in the world, including Board Effectiveness Surveys, Board Risk Surveys, Audit Committee and Risk Committee Surveys and Director 360 Surveys.

Its world class board surveys are available globally and have been carried out for numerous large public, private, government and not-for-profit organisations.

Visit: www.boardsinsync.com
Contact us: info@boardsinsync.com

About Board Benchmarking

Board Benchmarking has developed two world class benchmarked surveys: a Board Effectiveness Survey and an Audit Committee Effectiveness Survey. Both surveys are available globally and are distributed by KPMG Australia, Boards Insync and others.

Board Benchmarking has carried out over 100 board and audit committee surveys for organisations ranging from large public companies and government organisations to private companies, associations and not-for-profit entities. Board Benchmarking's surveys are powered by integrated benchmarked stakeholder survey specialists, Insync Surveys.

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About Insync Surveys

Insync Surveys has one of the largest suites of leading edge integrated benchmarked stakeholder surveys in the world. Its surveys are distributed in over 30 countries and in over 15 languages and include surveys for employees, customers, boards, community groups and many other organisation stakeholders.

Insync Surveys has carried out surveys for some of the largest public, private, government and not-for-profit organisations in Asia Pacific. It is based in Australia and has representatives in New Zealand, Asia, UK and North America. Insync Surveys' technology also powers the surveys of Board Benchmarking.

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