

# Leveraging Technology to Elevate Board Performance:

## A Field Guide in Three Parts

### Introduction

Over the last two decades, governance – the work performed by boards of directors – has become a more challenging endeavor than ever before. Overwhelmingly, resources are scarcer, requiring organizations to do more with less.

Scandals in the corporate, public and nonprofit sectors have resulted in increased pressure and scrutiny on boards of directors from regulators and stakeholders alike. In this environment, boards and staff are seeking ways to perform at a higher level by operating in an agile manner. And yet, most of the prescriptive literature on board governance tends more toward the theoretical than the practical. This leaves board members relatively unsupported in their quest to effect lasting change for their organizations, sometimes in environments that can actually discourage innovation.

The purpose of this field guide is to confront these important challenges head-on. Its intent is to provide practical advice for how boards can combine their passion and expertise with governance-focused technology in order to deliver tangible results. The guide focuses on three key thematic competencies that are common among high-performing boards, and explores the meaning and importance of each. The guide also offers tips and tricks, important considerations, and pitfalls to avoid for boards seeking to enhance their governance practices and drive sustainable organizational change.

### The Topics Are:

- Part 1.** Enhancing Board Processes: Where the rubber meets the road
- Part 2.** Channeling Strategic Collaboration: The grease that allows the engine run
- Part 3.** Fostering Circumspect Vision: Navigating through the windshield and rear-view

While pragmatic in nature, these governing practices are firmly supported by leading academic theory. The themes echo the seminal work “Governance as Leadership” by Richard Chait, William Ryan, and Barbara Taylor, which holds that excellent boards must routinely operate in and fluidly transition among three distinct “modes” of governance, as follows:

**Fiduciary Mode** – The board is focused on financial and operational oversight ensuring organizational compliance, and that tangible assets are being used appropriately.

**Strategic Mode** – The board helps create a winning strategy for the organization, monitors progress in

executing that strategy, and serves as a strategic partner to management.

**Generative Thinking Mode** – The board fulfills its leadership role by deciding which issues deserve attention, what the issues mean for the organization, and how best to address.

We find this taxonomy to be imminently useful as a framework for how boards should strive to operate. Like any ambitious diet or exercise regimen, however, this can prove to be more of an aspirational ideal than an attainable reality. This is where technology, when implemented with prudence and strategic foresight, can be invaluable; and this field guide aims to assist in simplifying that process.

This series is informed by our experience at BoardEffect of having worked with over 1,300 organizations to leverage board management software in pursuit of enhanced operations and mission achievement. It is our aspiration, however, that this series is vendor and technology agnostic, standing on its own merit as an aid to any organization with a governing body seeking to optimize its board as a strategic asset.

For more information, please visit [boardeffect.com](http://boardeffect.com).

## Enhancing Board Processes: Where the Rubber Hits the Road

From the moment they cross the starting line, board members must protect the institution they serve. Governance efforts in support of this critical, core duty should be purposefully conceived to drive the board's collective capability. With this in mind, we explore how can organizations use technology to strengthen their board workflows to build valuable fiduciary competency.

### Board Workflows in the Fiduciary Mode

**Explanation:** One of the board's central responsibilities is to steward tangible assets, oversee operations, manage legal compliance, and ensure fiscal accountability.

**Optimal Situation:** Board members should understand what is expected of them, be able to readily access relevant, critical data to inform their thinking, prepare for meetings, and support prudent oversight.

**Practical Reality:** Often information is inaccessible and standards are lacking in terms of the depth, frequency, and format in which boards should consume information.

**Useful Tools:** One could argue that any tool that increases access to information will raise a board's fiduciary competency. However, information overload can also hinder a board's ability to focus on pressing concerns. For this reason, board management software has been designed for the express purpose of arranging, and making securely accessible, important data, records, policies, and resources. For instance, such solutions organize the policy manual for a conflict of interest form, the calendar of scheduled board and committee meetings, a finance committee's workroom for discussions about budgeting, and the resource library to record budgeting history.

**Implementation Tips and Tricks:** Access to information is only part of the equation. When boards adopt technology to help uphold their fiduciary obligations, it is important that they first spend time clarifying what information they need when, how they plan to use that information, and why it is important. This exercise shines a collective light on a board's workflows, which forces examination of what is working well, versus what processes can be scrapped.

**Pitfalls to Avoid:** It is advisable to avoid the assumption that using board management software will create best practices where none previously exist. Seeing a summary of organizational assets, for instance, does not equate to effective risk management. Instead, codifying process standards prior to adopting a technology solution will go a long way toward ensuring organizational success with that system. For example, create a committee workroom for informed discussion of the issues and options, then develop a policy and plan for the board to review and approve.

**Final Consideration:** It's relatively straightforward to marry improved workflows with board management software to enhance fiduciary oversight, so remember to resist the temptation to stop there!

A high-performing board of directors can be an organization's most valuable asset. Mastery of the fiduciary mode of governance through enhanced board processes advances the board's progress toward mission achievement. Board management software offers a range of opportunity as varied as the needs of each board and organization. The key is to effectively align and deploy technology to support the full range of responsibilities of board governance.

## Channeling Organizational Collaboration: The Grease that Allows the Engine to Run

Before charting a path toward success, a board must pinpoint its "destination." Clarifying the mission establishes a point on the horizon toward which an organization strives. This is the quintessential first leg of the journey, but only the first. In the strategic mode of governance, a board functions as compass that helps an organization set its bearings and determine the direction to follow toward its end-destination. Organizational collaboration is the key to fueling the journey toward mission achievement, and technology can promote board collaboration and foster strategic leadership in support of an organization's journey.

## Board Workflows in the Strategic Mode:

**Explanation:** A central focus of the board is to ensure a winning (sustainable) strategy for the organization – driving movement toward mission achievement – and to serve as a strategic partner with senior management in ensuring its execution.

**Optimal Situation:** Board members (along with senior management) actively engage in collaborating on the setting of strategy, ensuring resource alignment with strategic priorities, monitoring progress against stated goals, and advising leadership on potential adjustments as the landscape evolves.

**Practical Reality:** Even when board members are engaged at a strategic level, they do not always have access to timely and actionable information needed in the planning process. When information is provided, it sometimes is unaccompanied by the necessary context and commentary that enables boards to grasp and codify its broadest implications. Finally, the episodic meeting paradigm can inhibit fluid board collaboration that makes otherwise static information strategically valuable.

**Useful Tools:** Operating in the strategic mode is all about a board's ability to process and apply critical information in a dynamic environment. Board management software can help in this endeavor. For example, various technology solutions aid in building consent agendas (to help a board pull out of the weeds and extend its line of sight during meetings), analyzing the current and ideal composition of a board, enabling board and CEO performance evaluations, and aligning the strategic plan with a range of initiatives from committee work to development activities. Collaborations tools also allow boards to remain connected and productive beyond the boardroom.

**Implementation Tips and Tricks:** To get the most out of board management software, first go back to basics. In an offline mode, the board should explicitly consider

the implications of the strategic plan in relation to every board and organizational activity. For instance, first revisit the function of board recruitment, then later leverage technology to facilitate the identified and related tasks. As another example, the organization should inventory and anticipate needs in board composition, based on the board's strategic goals. That will put the board in an advantageous position to successfully leverage software to design, document, automate, and analyze processes for attracting and on-boarding new volunteer leaders. In each of these cases, be sure to leverage online collaboration tools to allow board members to share views and test assumptions on a fluid, real-time basis (which is otherwise can be difficult to foster outside of scheduled board meetings).

**Pitfalls to Avoid:** Again, don't assume the use of board management software will magically create best practices for your organization. Strategic planning is a team sport in continuous play. Accordingly, a strategic plan should not be a static document or "shelf-ware" that gathers dust. Be sure to intentionally build meeting agendas based around your strategic plan throughout the year. This will ensure your plans are constantly at the forefront and part of the discussion as a consistent organizational priority.

**Final Consideration:** Be both intentional and innovative about how you leverage software that supports your board. Simply paving the cart-path (automating old processes) won't necessarily build a super-highway. Sometimes re-thinking process is necessary to operate strategically.

A high-performing and collaborative board of directors can help an organization maintain sight of its destination and remain on the right route. Mastery of the strategic mode of governance through enhanced collaboration advances the board's movement toward mission achievement. Board management

software makes it easier for board members to work collaboratively and function collectively as the compass for their organization.

## Fostering Circumspect Vision: Navigating Through the Windshield and Rear-view

Even though the board acts as an organizational compass in the strategic mode of governance, the board also must navigate through frequently difficult and sometimes changing terrain. Effective leadership must also consider what factors will impact the journey – external (weather, construction detours, accidents) and internal conditions (vehicle maintenance, operator safety) alike. In the generative mode of governance, a board functions as navigator; it directs the route, especially by using all available tools to assess the organization's position on the map, conditions of the course, and advantages/perils of each leg of the journey. Technology can help organizations foster prudent navigation toward the ultimate destination.

### Board Workflows in the Generative Mode:

**Explanation:** A critical focus of the board is to engage in deciding what to pay attention to, what it means, and what to do about it – ultimately, to what's ahead for an organization and ensure the ongoing relevance of the mission it strives to achieve.

**Optimal Situation:** Board members (along with senior management) actively engage in continuous learning, looking beyond what is (in terms of oversight and planning functions) for a view of what could impact or alter their organizations' trajectory.

**Practical Reality:** In a climate of ever increasing scrutiny, board members are sharpening their focus on fiduciary responsibilities and recognizing the importance of collaboration and planning – yet with so much to do, what time is left to for board members to think deeply and proactively? And learn? Board

members' lack of both time and perceived expertise often prevents them from considering what could be or might happen. Changes in demographics, industry regulations, and social norms are but a few factors that can transform organizations and warrant board attention and informed consideration.

**Useful Tools:** Functioning in the generative mode starts with a mindset that turns to process. This process-orientation enables a board to anticipate, contemplate, and extrapolate meaning from information. Understanding an organization's market segment, for instance, begins with a board commitment to ongoing education. Board and staff members can share and manage knowledge about trends in the field using board management software, then incorporate key findings into meeting agendas and explore implications for a revised business model, executive hiring criteria, board recruiting priorities, and more.

**Implementation Tips and Tricks:** Getting the most from board management software means starting with a shared ethos. Agree to prioritize continuous learning (about the organization, board roles, the market/industry/economy, etc.) and leave space in meetings to share discoveries, concerns, and knowledge. Leverage technology to explore and exchange ideas before and during meetings through online discussions and links to research and surveys with stakeholder feedback. Upon identification of critical issues, create (and later disband) task forces or working groups to explore matters fully and pose recommendations for board deliberation.

**Pitfalls to Avoid:** Don't defer. Engaging in philosophical and hypothetical discussions takes time and effort – effective boards embrace such opportunities. But be mindful not to leave your discussions hanging in the meeting air. Use board management software to perpetuate ongoing "what if" and "why not" discussions, leaving a trail of evolving thought leadership for future meetings and board members.

**Final Consideration:** Realize that board management software itself won't direct boards to the generative mode of governance, but it can enable board members who get there to make the most of their time, knowledge, and expertise. While fiduciary and planning functions are essential for organizational success, optimal board engagement is often the result of the discussions that occur in the generative mode of governance. And that might well be the precursor to overall board effectiveness and full implementation of board management software.

Transformational governance can happen when boards operate in all three modes of governance at once. The generative mode, in particular, contributes to elevated organizational performance with its focus on looking both forward and backward. Its cornerstone is a shared mindset, mainly a commitment to board education, engagement and evaluation, which can be facilitated by including board management software in your organization's toolkit. In times of significant change and challenge, boards that use technology to support their work in all three modes of governance may more confidently navigate the road ahead.

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