



# Board Evaluation Practices & Trends: Lessons for the Company Secretary

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# Introductions



**Presenter:**  
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VP, Sales – EMEA  
Diligent

## About Anderson:

- 16 years' experience leading all levels of the sales spectrum, channel, reseller and end-user sales across multiple industries across EMEA.
- Maintains a fresh approach to sales which has led many leading African companies to exceed revenue and profit goals and to drive expansion.
- A PhD Graduate and University Instructor
- Leading the EMEA sales team of Diligent



# In Our Session Today



Provide background on board evaluations – purpose, types, significance



Review the latest research on board evaluation practices & challenges



Discuss relevant strategies for company secretaries

# Why Board Evaluations?



Recommended by King IV  
Code & Framework



It's considered a  
best practice

**When done right, evaluations accomplish the following:**



Directors know how their  
performance is rated by  
peers



The board actively  
addresses performance  
problems



The board reflects  
on & discusses  
performance



Directors can voice  
concerns without  
retaliation



Stakeholders know that the  
board takes its job  
seriously



# Types of Board Evaluations



**Board/Committee Self-Assessment** Directors rate the performance of the board as a whole



**Individual Self-Assessment** Directors rate their own accomplishments & performance



**Peer-to-Peer Assessments** Directors rate the performance of their peers, individually



# Board Assessments Observations



Tracks board/committee performance over time (+/- )



Criteria and questions may be customised, or general



Responses could be anonymous



Identify areas for improvement and get support for directors' development



Aggregate results shared with full board or committee



May include action plans developed with directors

# Who's Responsible for Board Evaluations?

- ▶ Corporate Secretary / Governance Professional – 31%
- ▶ Other – 17%
- ▶ Lead Independent Director – 16%
- ▶ Chairman – 14%
- ▶ Independent Specialists – 14%
- ▶ Auditors – 5%
- ▶ IoD – 4%

# Is technology used in board evaluations?

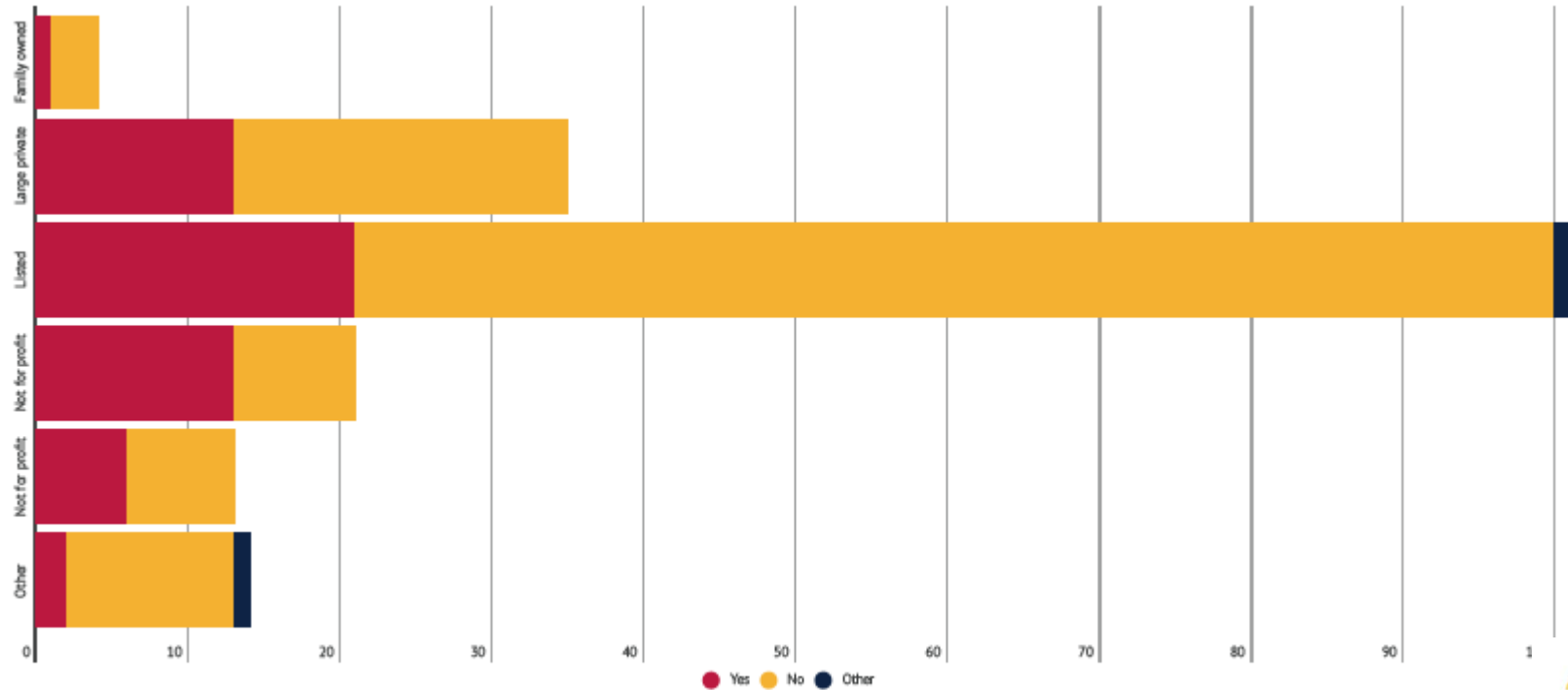


Figure 11 The prevalence of the use of technology in evaluation processes





# Do Board Evaluations *Really* Matter?\*

## (So What?)



- **73% believe board evaluation is at least somewhat effective in improving director performance, but...**
- **46% believe at least one director should be replaced;**  
Top reasons:
  - "Oversteps the boundaries of the oversight role" (15%)
  - "Reluctant to challenge management" (14%)
  - "Interaction style negatively impacts dynamics" (13%)
  - "Advanced age has led to diminished performance" (12%)
  - "Lacks appropriate skills/expertise" (10%)
- Only 15% report that board evaluation led to a director being counseled to resign or not being re-nominated

*\*Data is from PwC "2017 Annual Corporate Directors Survey."*



# Why Board Evaluations Go Wrong 4 Reasons

## **APATHY:**

- "We don't want to rock the boat."

## **LACK OF PRIVACY & SECURITY:**

- "Candor has consequences."

## **BAD PROCESS:**

- "If it's not required, why bother?"

## **HOPELESSNESS:**

- "The process is a waste of time."



# Board Effectiveness Evaluation Best Practice



Questions should reflect board goals & priorities



Make the process anonymous (if appropriate)



Use better tools – scrap paper/email forms




Take the time to discuss the results



Use evaluation data to drive improvement

# Download the free report: [diligent.com/en-gb/resources](https://diligent.com/en-gb/resources)

Corporate Secretaries International Association  
Special Report



▶ GLOBAL BOARD EVALUATION PRACTICES AND TRENDS  
Lessons for the Corporate Secretary:  
The Five Key Take Aways

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### 1. INTRODUCTION

#### 2. RESEARCH METHODOLOGY

Objectives  
Scope  
Participants

#### 3. RESEARCH FINDINGS

Board evaluation practices and processes in different countries  
Responsibility  
Evaluation in the last 12 months  
Manner in which evaluations were completed and historic or future focus  
Use of technology  
Internal Reporting  
Recommendations Implemented  
Repetition of the same process  
External Reporting  
Value add  
Evaluation in the forthcoming 12 months

#### 4. FIVE KEY TAKE-AWAYS FOR THE CORPORATE SECRETARY

- 4.1. The Corporate Secretary / Governance Professional plays a critical role in the board effectiveness evaluation process
- 4.2. Use of appropriate technology
- 4.3. Ensure the board effectiveness evaluation process is concluded through a formal report
- 4.4. Take accountability for the coordination of remedial actions / continuous performance discussions
- 4.5. Challenge the company to report transparently and openly

### 5. CONCLUSION

Global Board Evaluation Practices and Trends - Lessons For The Corporate Secretary: The Five Key Take Aways

#### Scope

Company representatives were sent electronic invitations to complete survey on their board evaluation experiences. Responses were obtained from 18 countries of which China, USA, India, South Africa and Zimbabwe were proportionally represented.

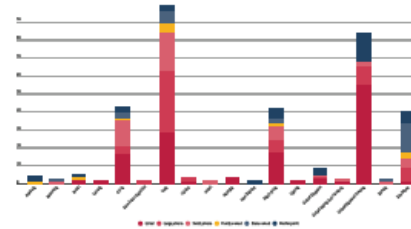


Figure 11 Country and Company type response

300 responses were received from all types of companies.

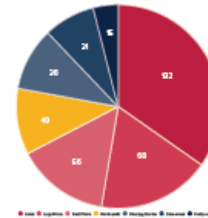


Figure 12 Responses by company type





Thank you.



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