

Smart Boards take better People Decisions: Six common Traits.

Executive Boards create a fantastic edge over the competition when they make the right decisions on their leadership teams in the company. Underlying these success stories are 6 traits that successful Boards use to create productive dialogue and constructive decisions on their leadership teams.

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1. The unit of performance for every business is the team.

Every company runs its business through people working together in teams. In today's complex world single individuals will not be able to make the difference any more. It is always a team of people that makes things happen. Think about the most recent success that your business has had. *It is always team work.* Hence, intelligent Boards think in terms of teams and they debate their capability to deliver on strategy.

2. A discussion on leadership is uniquely vague.

Intelligent Boards understand that the guard rails for a discussion on leadership are uniquely vague. This is unlike a financial discussion, where we can frame the debate through one lens with a currency as our yardstick and many ratios apply. *A people discussion has no shared language.* Hence two imperatives:

The first imperative for a converging people discussion is to create that shared language. It starts with agreeing on the strategy the team has to deliver. Without a shared understanding of the strategy, it will be impossible to reach a converging conclusion on the capabilities the team needs in order to deliver on it. *Strategy changes like the weather.* Clarify and set the expectations, with the strategy in mind, before each people dialogue.

The second imperative is to have the *CEO/Chairman act as the guardian of the values and behaviours* that are germane and fundamental to the leadership discussions.

3. There is no equality in a team, only compatibility

In general, we think that all people in the team are equal. Although a good universal principle, applying this principle in strategy execution can destroy value massively. Why? Different positions in the team have a different impact on value creation. *Be sure to get the pecking order of positions in the team right.* You need to be assured that the most important positions are occupied by the best people. The A-players need to be there where it matters most: in the key positions in the team. Don't settle for anything less. Once the ranking is set, screen the compatibility of the team members. Mark the possible points of stress in the individual relationships. A simple low, medium, high is enough to work with.

4. Overview first, details later.

Intelligent Boards will ask and search for an overview first. An overview is key because it defines the areas of risk, and with that the priority in tackling issues. The absence of a shared overview will frustrate the effectiveness of any board. Similarly in the people discussion, *it is key to create the overview first.* The discussion leader - often CEO/Chairman - should always present an overview of the team's capabilities to start with. Even though it might at first only be one person's opinion (often with support from HR), it will

flesh out the key areas of risk. A simple How/What matrix with the team members plotted, is already a good starting point. [The matrix allows the Board to understand where their opinions are converging and/or diverging.](#) Once it is understood what the people issues in a team are, the Board can start to zoom in on the individual level. A more granular view on individuals can be build up, based on pre-defined criteria for the How and the What.

5. Bridging Strategic Complexity and Team Capabilities

Intelligent Boards make the connection between the Capabilities of the Team and the Complexity of the Strategy the team has to deliver. It is clear that a Hold Strategy (do tomorrow what you do today) has a very different level of complexity compared to an ambitious Growth Strategy (e.g. enter the ASEAN markets without any prior experience). In today's people/team discussions, the strategic complexity is usually overlooked.

[A second tier team can never be successful in the premier league.](#) Not because of the team but because of the mismatch between second tier capabilities and first tier delivery expectations. In business this simple principle frequently tends to be overlooked. A rigorous comparison between the capabilities of the team and the complexity of the strategy is a must. It will allow a debate on the strengths and weakness in a team, and with that the strengths and weakness of each individual. A simple score of 1 to 10 for the team and a 1 to 10 for the strategic complexity is often enough in order to get the right dialogue going.

6. Use assessments as decision validation, not as a decision driver.

Companies tend to do "blanket" assessments as an input for decisions on their leadership - measuring people on a broad, general mix of leadership capabilities. Alas, these assessments are often a waste of money and time. The reasons are plentiful. Blanket assessments are often not in sync with the strategy because the assessors don't deeply understand the business' strategy or operating environment. [Strategy changes frequently](#) whereas blanket assessments are often underpinned by generic assumptions about the technical and leadership capabilities required for business success. Blanket assessments tend to outsource forming opinions on people to a distant "expert".

For an individual, an assessment often creates a polarised opinion: yes/no potential, yes/no good leadership, yes/no good performance. The more granular individual details, quickly get lost without a specific strategic context. Assessments are a great instrument but only if used in the right context. The right context is knowing the team, knowing the strategy and knowing the key questions on each of the individuals that are being assessed.

For this reason, it's important to do assessments only after the first people dialogue in the Board has taken place. The people without "question marks" do not need an assessment. The people with "questions marks" in light of the strategy, and who are in critical positions, are the ones that need to go through an external assessment. [Intelligent Boards use assessments to validate their decisions, not to drive their decisions.](#)

Conclusion. The composition of a Leadership Team creates over 40% of the value of their strategy. Intelligent Boards understand that and take full responsibility for the ultimate outcome with the above six traits as the roadmap for their people dialogue.