Mentoring Circle
Outcome Report

Topic: Commitment

Date: 23 August 2016

INSTITUTE OF DIRECTORS
SOUTHERN AFRICA

The aim of the Mentoring Circles is personal development, building a community of directors, and contributing to the social and personal competencies of the Director Development Framework.

No mentors were present at this Circle and the session involved a facilitated conversation about Commitment.

The Issues

- A director's commitment must be first and foremost to act in the best interests of the company. At the same time, there is a commitment to stakeholders and the environment – essentially the factors on which the long-term best-interests of the company are based. It can be challenging to resolve conflict between the stated interests of the stakeholders and the best interests of the company.

- Directors are also committed to follow sound, ethical and risk-based governance processes.

- Commitment or lack thereof is often demonstrated through lack of preparation for Board meetings, poor quality input and contribution, and low competency levels.

The Conversation
Balancing company and stakeholder commitment

- The gap between the perceptions that stakeholders have of the company, and that the company has of itself need to be bridged. One way to do this is to really listen to stakeholders concerns, and appreciate their perspective, from which the company may learn. It can be difficult to meet stakeholders expectations when the organisation cannot deliver against its mandate, especially for government-related entities.

- Sometimes all a director can do is raise their disagreement with a decision, and if it's important enough, have it minuted as a dissenting position. It is important to ensure that difficult issues are raised at the appropriate time, in the appropriate way (never creating a surprise or seeming to be attacking) with the appropriate people.

- There can be conflicts between short, medium and long term commitment issues, and the organisation needs to build close relationships with stakeholders, and have continuous engagement with them to make sure they are part of any changes. Building relationships requires trust, and lack of trust between directors can hamper commitment to the organisation. In order to prioritise stakeholder engagement, one can map their interests against the organisation's material risks.

- There is a need for both stakeholder and shareholder education and awareness-building about the organisation's commitments. This can extend to Executive and non-executive directors, between whom there can be tensions about commitment, information flow and organisational values: addressing this requires ethical leadership, and appropriate structuring of Board sub-committees. All of these issues can be linked back to the organisations risk management processes.

Time, competency and ethics

- The Chairperson must manage the board well, holding directors to account for their contributions, not least through getting to know their board members appropriately, in order to address personality and performance issues. A good Chairman will facilitate the maximum contribution of all directors and personalities.

- Directors' performance and remuneration can be linked to KPIs, managed by the Chairman. Serving on NGO boards can be a good starting point for aspirant directors. One way of improving performance can be to pair-up experienced and less experienced directors on Boards.

- Potential conflict can be managed through asking questions for clarity, particularly if there are concerns about competence.

- Time management can relate to the number of Boards on which one serves, and personal values and ethics need to inform that decision, as well as the choice of Board on which to sit. Defining appropriate information quality, content and flow is crucial to sound time management balanced with ethical decision making and competency.

- Development of new directors is important for competency and ethical decision-making.