



Directors' Circle
Outcome Report
Topic 4: Competence
Date: 8 July 2015



The aim of the Mentoring Circles is personal development and building a community of directors.

The Challenges

- Technical competence can be taught. More challenging issues are those of individual's decisions on compliance, ethics, governance and socio-economic decisions with respect to what is moral. Practical experience, an understanding of the regulatory environment, and understanding how to have difficult conversations are important.
- There is a 'reality knowledge gap' between people at the lower levels, who know what's really happening, and those at Board level, who appear not to. Bridging this gap is very difficult, particularly when defining managerial and board responsibilities.
- There is a difficult balance to be achieved between the need for professional individual objectivity and a need for Board cohesion.
- The competency of effective listening is a challenge, especially where (i) the culture prevents open discussion on so-called 'soft' issues, (ii) there is a dominant CEO, or (iii) where there is pressure for rapid decision-making.
- Boards that are too technically and operationally focused can limit growth of competence in the 'soft' areas.

The Ideal

The competent director has high emotional intelligence, and sits on a Board with diverse competencies, with the ability to dialogue and deliberate respectfully and robustly with each other and with stakeholders. This requires the ability to share and listen to different perspectives. The competent director acts with integrity, according to their ethical perspective, with confidence, not arrogance, and a degree of objectivity. In so doing they create a safe space for people to engage and speak about issues. Integrity further requires the ability to be aware of and manage any conflict between personal and company values, and to know when one is acting out of integrity excessively, which would require one to leave the company. The competent director finally has an inclusive mind-set as opposed to one of self-interest, with the ability to understand the impact of their actions. The competent director adds value to the Board through active contributions.

The Solutions

- Assessing the emotional intelligence of directors or potential directors, using psychometric testing to identify areas of development, and growing the person's competence through mentoring and coaching is useful. Coaching and mentoring may be professional, informal, individual or group.
- Legally, competence is not only tested against technical issues. The competence of a director includes effective leadership. These are qualities that cannot be taught, but must be self-learned.
- Ethical issues must be objectively and openly discussed, as part of directors' moral duties, with a view to finding common ground and establishing mutual benefit for all stakeholders. Ethical issues can be phrased in risk terminology, and raising these difficult issues as questions for clarification can usefully diffuse potential conflict.
- In the case of negatively dominant individuals, the Board is entitled to remove them. In less extreme cases, the Chairperson can be approached to manage the person. Other tools to address personal performance issues include board assessments (internal or independent); carefully managed 360 degree reviews, or utilising the mandate of the external auditors. Excessively dominant behaviour can arise from a fear of failure, and one-on-one discussions with dominant individuals about the value they add can build their confidence.
- In raising difficult issues, particularly related to 'soft' competencies, honest preparation and well-structured agendas (issues for approval, discussion, noting) can assist in desensitising the issue.
- On operationally focused Boards, set aside a particular time-slot on the agenda for strategic discussions, or use a round-robin approach. Also use the Board charter, devolution of responsibility limits, and "back-at-you" approach as reminders of obligations and mandates.
- Employ constructive engagement, seek commonality, and approach difficult issues with a view to resolution. Pick battles judiciously, and be clear in understanding the obligations, position, authority and powers of a director: this will build confidence to deal with any situation
- Gaining practical experience on boards requires networking, and making use of facilities such as the IoDSA CV website. Build confidence in the knowledge that you do have, actively develop yourself personally, perhaps participate on an NGO board to being with, and get advice on your CV from an experienced director or recruiter.