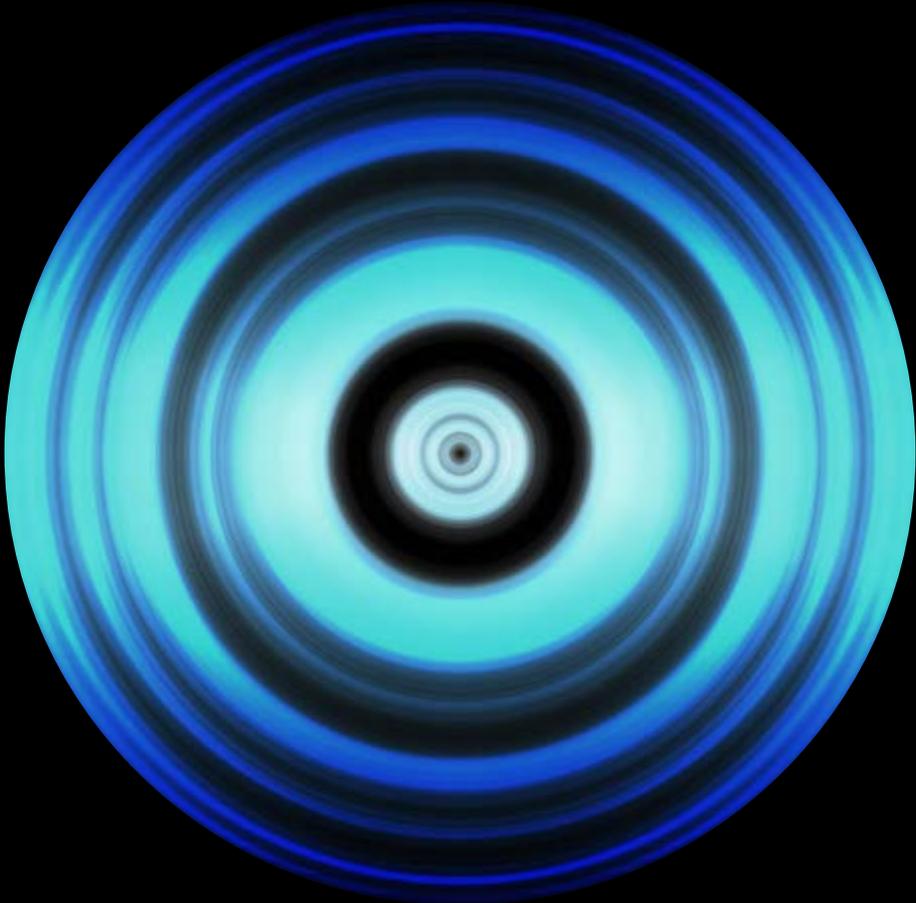


Deloitte.



Impactful board members
Attributes that add value



The extent to which a board environment feels safe will largely depend on the personal style of each board member, including the chair.

In our first article in this series, we introduced a framework to measure the impact of a board (see reference below). How a board creates that impact is the result of many factors, one of the most important of which is the quality of each director's contribution. In this second article we describe three key attributes that, when practiced by a board member, enable them to add real value in the boardroom and beyond.

In our work with boards over the years, we have often noticed that senior leaders, including chairs, investors and regulators, often describe the value of a board director by citing the relevant skills, experiences and network that they bring to the board and organisation; their business credibility. We have found, however, that two additional attributes are equally as

important when it comes to determining whether a board member is likely to have a positive impact or not.

As well as being credible from a business perspective, a board director must also have the right personal style and understand the organizational context within which they are governing in order to be effective in their role. Taken together, these three attributes help to create and maintain an environment of trust at board-level which is essential to board effectiveness (the table below describes in more detail what trust is and what it is not). In this article we explore the importance of personal style and organizational context further as they are not covered extensively in the wider literature.

Trust is...	Trust is not...
- Driven by competence and action, as well as positive intentions	- Driven only by positive intentions
- Integral to the success of every individual, organization and ecosystem	- Only relevant to external image and reputation
- Dynamic, continuously shifting, based on current events	- Static, constant
- Reciprocal and mutual	- Unidirectional; pushed down/out from above
- Personal; based on subjective perspectives	- Impersonal; based on objective criteria and rules
- Built in different ways - some people trust easily whereas others look for evidence that someone or something can be trusted before trusting them	- Built the same way by everyone
- Relevant all the time	- Relevant only in times of crisis
- A deliberate choice on the part of the trustor	- A passive response on the part of the trustor
- Necessary for all forms of human relationship	- Necessary only for shareholders

Psychological safety exists between people when they feel seen, heard, and valued; when they can contribute without fear of judgment, embarrassment or negative consequences.

For a board member to have a positive impact, they need to first help create an environment at board-level that is psychologically safe. Much has been written and researched on the concept and benefits of psychological safety but not significantly from the perspective of board effectiveness.

We stated in our previous article that the impact of a board can be measured through how the executive or wider management respond to board-level discussion, debate or challenge. That is, in high impact boards, there is evidence of management proposals changing for the

better as a result of board-level dialogue. But for this to happen, executives and management need to feel safe in the boardroom and with individual board members. If they feel safe, they are more likely to: share information with the board that is truthful; draw board directors' attention to the most salient aspects of papers rather than letting them discover these for themselves; and feel comfortable sharing their doubts, vulnerabilities and failures, as well as their bold ideas, with the board.

The extent to which a board environment feels safe will largely depend on the personal style of each board member, including the chair.

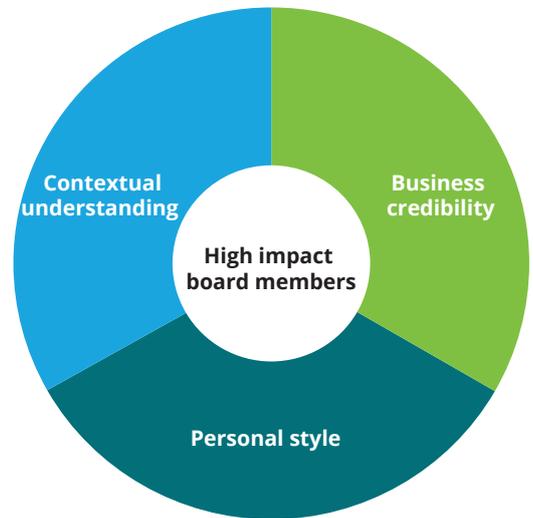
We have detailed what we believe to be some of the defining characteristics of a personal style that helps to create a sense of safety on the next page.

Second, through our work we have observed board directors with the most incredible backgrounds and the right personality fail to deliver the value expected of them in the boardroom. While this can be due to several factors, it is often simply because they have not invested sufficient time in getting to know the organization and the context within which it operates. This lack of contextual understanding can result in their contributions falling flat with management since they are not grounded in the reality of the business.

The framework on the next page lists each of these three attributes and describes in further detail the features that are most likely to result in a board director having a positive impact and ultimately adding real value at board-level.

We have observed board directors with the most incredible backgrounds and the right personality fail to deliver the value expected of them in the boardroom. While this can be due to several factors, it is often simply because they have not invested sufficient time in getting to know the organization and the context within which it operates.

Board members that have a positive impact on their boards, and consequently their organizations, exhibit all three of the key attributes set out in the framework below:



Contextual understanding

The board member has a good understanding of the business and the context within which they govern. They...

- Invest sufficient time getting to know the organization, the people in it, and the sector or sectors it operates in
- Are knowledgeable about the core business, including the key products and services offered and the organization's sustainable and competitive positioning
- Understand how the business is structured and operates, and have a good sense of the prevailing culture and leadership style of the organization
- Work from where the business and market is currently rather than from where they believe the business should be based on their previous experience.
- They understand, and are sensitive to, the national culture and local customs
- Understand the regulatory, legislative, and geopolitical environment within which the business operates
- Know who the key stakeholders of the business are and consider them appropriately in decision making

Business credibility

The board member is highly competent and credible. They...

- Have expertise in an area that is aligned to the purpose and vision of the organization, as well as the opportunities and risks that it faces
- Understand the principles of corporate governance, the role of a board and their responsibilities as a board member and how to discharge these effectively
- Are forward looking and do not delve into operational detail without justification
- Engage positively and actively across the entire spectrum of board business, not just their own area of expertise
- Are well networked and can draw on their network when needed for the good of the organization

Personal style

The board member has the right character and is emotionally intelligent. They...

- Are approachable, visible, and civil
- Embody the values of the organization and are passionate about their role and the business
- Operate with humility, high integrity and authenticity, including having the courage to speak out even if they are the only dissenting voice
- Are objective, impartial, selfless and are not overly concerned with their own reputation
- Actively listen to what is being said and ask questions rather than make statements or tell people what to do
- Are able to communicate concisely and clearly using minimal jargon
- Know when to trust and support management and when to challenge and hold them to account
- Regard failures as an opportunity to learn and do not seek to blame people
- Are appropriately persistent and determined until they are assured
- Consider what they are going to say before they say it and do not feel the need to say something on every subject or repeat what others have already said
- Actively champion board decisions, even decisions that they may not entirely agree with

Contacts



Jay Bevington
Partner, Consulting
Deloitte Middle East
Tel +971 2 408 2424
jabevington@deloitte.com



Sharon Thorne
Deloitte Global Board Chair
Tel +44 20 7303 5709
shthorne@deloitte.co.uk



Steve Picken
Senior Manager, Consulting
Deloitte UK
Tel +44 113 292 1305
stevenpicken@deloitte.co.uk



Melissa Scully
Director, Risk Advisory
Deloitte Ireland
Tel +353 141 78656
mscully@deloitte.ie



Dan Konigsburg
Senior Managing Director
Global Boardroom Program
Deloitte Touche Tohmatsu Limited
30 Rockefeller Plaza, 42nd Floor, New York,
New York 10112 USA
Tel +1 212 492 4691 | M: +1 347 448 0176
dkonigsburg@deloitte.com



Natasha de Soysa
Lead Partner, Governance in Financial
Services, UK
Tel +44 20 7303 7340 | M: +44 7887
848351
ndesoysa@deloitte.co.uk

Acknowledgements

Our thanks to His Excellency. Engr. Mohammed N. Al Jasser, Assistant Minister, Ministry of Human Resources and Social Development, Kingdom of Saudi Arabia, for his helpful comments on this article.

References

<https://www2.deloitte.com/xe/en/pages/human-capital/articles/board-impact.html>.



This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Deloitte & Touche (M.E.) LLP ("DME") is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP ("NSE"), a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL").

Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 300,000 people make an impact that matters at www.deloitte.com.

DME would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. DME accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

DME is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME's presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME's affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

DME provides audit and assurance, consulting, financial advisory, risk advisory and tax, services through 27 offices in 15 countries with more than 5,000 partners, directors and staff.