



# Building a High-Performing Board

Boards hardly succeed by accident. In fact, it takes intentional efforts to construct a consistently high-performing board. This was one of the key takeaways from a recent session of Egon Zehnder's Directors Development Program which delved into how to build a high-performing board.

The discussion was moderated by Egon Zehnder consultant Darpan Kalra and featured two distinguished speakers: **Neelam Dhawan**, a board member of Hindustan Unilever, ICICI Bank, Capita, and Yatra Online, and **Rajeev Vasudeva**, an independent director at Sofina, Brookfield Infrastructure Partners, Pidilite Industries, and Marico, and former global CEO of Egon Zehnder.

## Building High Performance Boards: Key Elements

There are several dimensions boards should consider. One of them is collaboration. Drawing from her extensive board experience, Dhawan highlighted

the importance of collaboration between executives and board members in achieving success. "A high-performing board is one where the executive and the board members work together," she stated. She also stressed the importance of expanding the board's focus beyond its fiduciary and compliance duties, advising participants to delve into strategic issues, talent considerations, and long-term organizational trends that will shape the future of the company.

Additionally, Dhawan shed light on organizational culture, emphasizing the need for high-performing boards to set clear objectives for CEOs, fostering a culture that is aligned with the organization's goals. "Boards have a responsibility to make CEOs and the executives think long term," she remarked, underscoring the enduring impact boards can have on an organization. "CEOs will change, but the bank and the organizations continue for many, many decades after we have left."

For Kalra, who moderated the session, boards that are intentional about these areas bring cohesion to the organization. He echoed Dhawan's emphasis on boards fostering long-term thinking, focusing on strategic issues, and shining the light on organizational culture. Kalra emphasized, "... a lot of you are going to be playing broader roles from a governance standpoint. I really urge you to think about this from that lens."

Vasudeva, with a wealth of experience in diverse board roles, defined a high-performing board as one that consistently makes good decisions, underscoring that creating an ecosystem and an environment that enable boards to produce more good decisions than not is paramount.

**"High-performing boards don't happen by accident ... there's a lot of effort in terms of having the right people, having the right process, making sure the right information is available, building the right culture and dynamics."**

Vasudeva outlined key pillars that lead to a high-performing board. The first is boards having a diverse set of skills. "Each company will need to create its own skill matrix and figure out [for example] whether they need somebody with technology or digital experience, do they want somebody with regulatory or financial services experience or, strong consumer marketing experience," he said. Beyond skills, considering how individuals bring these across also matters. "As board members, we carry our ego along with us to the boardroom, but

the role is very different from what you played as a CEO or a senior executive in a company," he explained. "How you actually engage with management becomes exceedingly important."

Information asymmetry is another area that deserves attention. Since board meetings are limited, becoming knowledgeable about the business is challenging, but imperative. "It's about finding and using information to be able to synthesize what are the key issues in terms of risks and opportunities facing this company," he explained.

Also critical for effectiveness is the meeting agenda, including reading all materials in advance, and dedicating the right amount of time for key issues, not just compliance.

Concluding his reflection, Vasudeva emphasized the role having an inclusive board culture plays in fostering high performance. "A board should be a team sport. It's not an individual sport," he stated, calling for two types of dynamics: The first is inviting each board member to "speak their mind freely." As he put it: "No question is a bad question. It stimulates debate." The second – echoing with Dhawan highlighted – is building trust with management. "We need to be able to create an environment where management can come and talk about their fears and anxieties and really get input on how to proceed further," he concluded.

## **Engaging Productively with Management and Promoters**

Further exploring how boards can foster productive conversations with

the executive and the promoters while building trust, Kalra invited the speakers to share their views. He asked: “How do we not have this ‘us versus them’ mentality and create an environment of trust?”

Dhawan emphasized the importance of communication about strategic topics that may inherently spark dissenting views. “How you put the questions across and how you make everyone think and get aligned to where you want to go is extremely important,” she highlighted.

One barrier to achieving a good level of communication includes scarcity of time together. “Many banks in India do the four quarterly meetings, annual general meeting, and one day of strategy meeting. But that does not cover many other aspects. So, many banks in India have board meetings every four to six weeks” She also advocated for regular, in-between meetings. “These are a great way of first debating and then putting [matters] up as a paper in the board, which perhaps could come through a committee to the board.”

Recognizing the importance of diverse skills, Dhawan pointed out that this diversity fosters respect. She illuminated this perspective by acknowledging that even executives, while excelling in their respective fields, may lack deep knowledge across all areas. “So building a diverse team and encouraging diverse views is critical.

**Further, the board chair in particular plays an important role in this regard: ensuring that papers are circulated in advance, taking opinions, hearing everyone’s points of consideration, and aligning board members to come to some thinking,” she concluded.**

Vasudeva supplemented the discussion by offering practical advice for those engaging with family businesses, which was another area of interest in the sessions. He emphasized aligning with the culture and values of the company, recognizing the strengths that emanate from the promoter’s vision.

Expanding on Dhawan’s insights, Vasudeva highlighted the importance of building relationships outside the boardroom. He shared an example of spending dedicated time with the executive team and the chair to discuss functional areas and key issues, underscoring the importance of proactive engagement to influence effectively within the boardroom. “If you’re able to build that relationship with executives, with other board members outside the boardroom, you can influence more effectively inside the boardroom,” he concluded.

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