



Creating Efficient Board Processes, From Agendas to Action

This July, Egon Zehnder held a new session of its Directors Development Program series. The event, titled “Board Processes,” featured **Sanjiv Sachar**, Independent Director & NRC Chair at HDFC Bank and a former partner at Egon Zehnder, who imparted lessons on areas such as agenda-setting, facilitating discussions, meetings and minutes, and the overall systems that help a board to become as effective and efficient as possible.

Striking a balance between routine agenda items and issues important to board members

In the financial services sector, regulators delineate certain requirements for board agenda items and how frequently they’re addressed. There are also many other

items that will be mandatory to prioritize for discussion in any given meeting, such as policy changes and routine credit proposals.

Beyond those demands, however, the breadth of what is discussed in a board agenda can be vast, and Sachar said that it’s key for the board chair to take a leading role in surfacing what items other board members want to discuss.

“I think it’s important for the board chair to first get views from the board members and then ensure that over the year he or she covers those agendas,”

Sachar said.

The challenge in this agenda-setting comes when addressing the routine

items takes up the bulk of the meeting time, leaving little space for discussion of other issues individual board members want to bring up. “The chances are that you spend a lot more time on routine items and leave very little time on where some discussion and decision need to take place,” said Sachar.

To overcome this, Sachar recommends discussing those member priorities first in the agenda, then moving on to the routine items. This will keep board members engaged and provoke thoughtful discussions, rather than front-loading the agenda with items that don’t necessarily speak to members’ primary concerns.

Such discussions can also foster a sense of ownership over the issues on behalf of board members. This is particularly important as the commitment required to be on a board has expanded over the years. “Gone are the days when board meetings are limited to four,” Sachar said. Speaking to his role as chair of the NRC, he continued, “We used to have five or six meetings, and I can tell you that it went up to almost every month.” These can be multi-day meetings requiring much preparatory work and travel, and such an obligation requires board members to be continuously engaged in what’s being discussed.

Sachar brought up examples from his experience of leading agenda discussions on specific areas such as retention and cybersecurity, which allowed board members to be exposed to new areas of the business and new teams of employees. “We have to proactively ensure that we are updating ourselves,” he said.

Using committees to streamline full board meetings

Sachar made sure to note that the ideas that make a board more effective and efficient should also flow down to board committees. These smaller groups focused on specific issues can face the same process challenges as the larger board, but the lessons on agenda-setting and prioritization will work there as well.

Going further, committee meetings can be a place where the nitty-gritty details of certain items can be studied and sorted out before the full board’s meeting. This can streamline the larger agenda, allowing people focused on those issues to present their findings to the board, rather than the discussion starting from scratch during the main agenda.

“It puts the responsibility on these board committees that they’ve gone through that rigor and the process of discussing it, and then it becomes their responsibility to then share it with the board,” said Sachar. “What that helped us to do was to really use that time more effectively.”

This process doesn’t mean that board members can’t discuss such granular issues at the full meeting or pose questions to the committee presenters. What it does do is avoid duplication, in which the discussion at the full board meeting rehashes the discussion at the committee meeting.

And the process can also build more fulfilling roles for those committee

members. “I think what it led to was, I saw over the years that the chair and the members of that committee realized that being a member of a committee was equally, if not more important to the board, because they had a responsibility.”

Crafting efficient board materials for meeting preparation

Even the most meticulously planned agenda can be derailed by inefficient preparation by board members. This is where board materials—and making sure they are accessible and readable—play an important role.

The board materials given in advance of a meeting can help members prepare for a productive discussion. But often, they can be too dense and run to hundreds of pages, which won't give members adequate time to fully grapple with the larger issues at hand.

Sachar said overcoming this challenge starts with strictness, and making sure materials are delivered on time for members to prepare. He also said that management should be able to summarize their “ask” in about a half a page.

“If volumes of pages have been sent to you and the person is not able to define that ask in a short piece of paper, you start with saying, ‘Look, is there more than what we see?’ So you start with a concern.”

There will also be finer details that management should be ready to communicate to inquisitive board members. “But you need to be very crisp and clear to the point, and don't get into a long-winded presentation,” said Sachar.

Ensuring every voice is heard in a board meeting

With a well-planned agenda and concise board materials in hand, generating a productive discussion in the board meeting becomes the next vital component. If some board members don't speak up on important issues—or, conversely, if some members take up too much time speaking to their own interests—the meeting will fail to reach the optimal conclusions on the items at hand.

“In every board there are going to be certain people who are going to be very vocal,” said Sachar. “And there are going to be people who are going to be silent and people who would be a little cautious of expressing their views.”

This is where the chairman plays a pivotal role. He or she should understand the members and their responsibilities, going so far as to recognize body language when one might be hesitating to ask a question, for example.

Discussion should not just center around the board members most qualified in a certain area of expertise, either. Sachar gave an example of a health care executive who joined his board and was initially silent on matters of finance. But she was encouraged to speak, and ended up lending an outside perspective that gave a broader insight into the finance discussion.

“As an independent director, I've always maintained you are not in a popularity contest,” said Sachar. “Therefore, you have to be very open about your thoughts. You should not hesitate to say something even if you're the single person in the room with a view which is completely different from

the others. You should express it, because if you're not doing that, then you're failing in your responsibility."

Following through on agenda item discussion

Of course, generating a productive discussion in board meetings is only the first step. What matters next is actually putting the decisions reached in that discussion into action.

"Frankly, if you don't put together a process of looking at what discussions happened and what are the next steps, it defeats the purpose," Sachar said. "If there's no follow up, then there's no tracking of what's supposed to be done."

It's best practice, then, to include action steps in the minutes of the meeting after it's concluded. This write-up should include the details of the discussion,

what course of action was chosen, who is responsible for that action, and the target date of it all.

And in subsequent committee and board meetings, progress on all of this should be analyzed. This will help pinpoint roadblocks that may be impeding the action steps. Sachar gave a personal example of realizing that several long-pending items had a common theme of relating to the company's IT arm. Understanding that common element gave the board insight into IT's capacity challenges, and allowed them to address these challenges through prioritization of the unfulfilled items.

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