

How late reporting 'kills' the CEO



Steven Bowman
www.consciousgovernancetv.com

Introduction

Late reporting. The bane of all directors, and at times the demise of the CEO.

Do any of these sound familiar?

- X** The board papers are sent out with little time for the Directors to digest.

- X** The board committees meet an hour prior to the board meeting as it is convenient for the committee members.

- X** Information contained in the board pack is so voluminous that directors are exhausted and **STILL** miss the important bits.

These situations are quite common; however there are even further scenarios that play out in the majority of boards that are more worrisome, yet seldom acknowledged.

This White Paper explores simple but incredibly effective strategies to dramatically enhance board reporting so that late reporting is a thing of the past.



Two types of late reporting

There are two types of late reporting that plague boards.

1

Annoying

Late reporting where the information goes out so late that it doesn't allow directors quality time for analysis and insight. This results in frustration from directors as well as the senior executive. Because so much effort is put into the development of these reports by the senior executive, the reports are read at a superficial level by the board members, and then everyone complains the reports are too lengthy.

2

Existential

Late reporting where trends/issues/whispers of the future/strategic implications are ignored - until too late. This can slowly destroy the organisation through lack of board focus and resultant declining relevance, until it ceases to exist in any impactful way.

Note

Many boards have both Type One and Type Two running rampant in their board reporting ecosystem. It has been reported that in Australia and the USA between 30% and even up to 50% of senior executive time is taken up with reporting to the board. If the volume of board reporting is focused and reduced, this not only helps the board do its job (of making the choices that create the future for the communities they serve) but can also significantly vary the cost of supporting a board.

<https://www.mclellan.com.au/res/files/report-on-cost-of-running-boards.pdf>

What do directors say?



These comments are taken directly from director responses to our Board and Governance Review assignments around the quality and presentation of board reports and the board pack.



“Takes a lot for us to get to the nub of the issue. Have improved over time and are now asking the right questions, but information is still too voluminous.”



“Largely dependent on the board papers. Board pack is too large, too much information. Need to have a stakeholder story to start board meeting (Mission moment). Board committees need to meet prior to board to allow time to send committee minutes, not two days prior. We sometimes are relitigating committee decisions rather than using the delegations to the committee.”



“Finances are well monitored, but there is a lot of activity reporting and little strategic insight discussed.”



Time to refocus the board and reinvigorate the CEO



The role of the board is “to make the choices that create the future for the communities we serve”. So the board needs to be focused on what choices they have, how these decisions are likely to create the future, and what impact this may have on their communities. When reading a board pack, the directors needs to be able to focus on the really important information that provides them with insight and is the springboard for strategic discussions at the board level. The directors should be looking for the top-level discussions they need to have as a board. They don’t want to be distracted by a lot of information that doesn’t address the “So what?” question.

The board and senior executive need to act as a true partnership, as the leadership team for the organisation, each with different responsibilities but with a built-in trust that is supported by ongoing evidence. This ongoing evidence is best represented in the reporting cycle. The reporting-cycle is more than just the timetabling of when reports need to be received, it is much richer than that.

The reporting cycle needs to address all the elements below.

(Adapted from Performance Reporting to Boards: A Guide to Best Practice by D Starovic © Chartered Institute of Management Accountants (CIMA), London)

1. **Relevant** – consider, align with and report on strategy. Using leading indicators (what might be) rather than a reliance on lagging indicators (what has been)
2. **Integrated** – satisfy internal and external requirements and integrate the data from each level of the organisation so there is no duplication or extra effort to provide powerful board reports
3. **In perspective** – review historical, current and projected scenarios
4. **Timely** – imperfect information can be better than perfect information out of date
5. **Frequent** – monthly reports focus on critical success factors, quarterly reports on qualitative aspects with broader coverage
6. **Reliable** – directors require quality, trustworthy and unbiased information

7. **Comparable** – enable easy comparison to agreed benchmarks, targets
8. **Clear** – written in a clear and simple way
9. From a **Credible** source
10. **Progress, not perfection**

This reporting cycle should then provide a focus for the board reports to assist directors to answer the overarching board question ... “So what?” (So what do you want us to focus on?, So what are the strategic implications?, So what are the questions we should be looking at?)

More comments from directors



Still waiting to see a strong linkage between strategic pillars and the reporting against the implementation. Board agenda needs to better reflect strategy and risk. Directors need to be more strategic to better assist and support the CEO.



Gets blurred. Often we get too much info re operational issues and directors are tempted to delve into operational details.



Can be better assisted by more focused board papers that help us to concentrate on the big issues worthy of our time and discussion. We need to further support the CEO on those areas where support is required. e.g. executive summary, answer the “So what? question for the Board to focus on



Techniques for different board reports



Free CEO Report Template

Scan QR code to download



1

Finances – In the profit and loss statements, add the heading “Strategic implications for discussion” at the bottom to highlight the strategic discussions the board needs to have that are informed by the reasons for variance. Finance committee to identify any potential strategic implications for the board to discuss. The reasons for variance from the P&L should be aligned with the relevant line item to make it easier for directors to match the dollar figures against the business drivers. Develop key ratios report to include the acceptable/non-acceptable ranges of these ratios and last year’s equivalent and analysis of reasons for variance, with the heading “Strategic implications for discussion” to highlight the strategic discussions the Board needs to have that are informed by Balance Sheet and other relevant ratios. Any dashboard reports should also have the heading “Strategic implications for discussion.”

2

Risk – Recommend regular reports to board that focus on the agreed four or five key risks, how they are being managed, what else could be done to better manage, how to extract strategic advantage and where revenue streams might be possible.

3

CEO’s report – Key heading here should be “What keeps me awake at night.”

4

Operational and dashboard reports – if there are any strategic implications or questions that the author of the report would like the board to consider, extract this and add a specific briefing paper on this topic.

5

Board to specify size and structure of the board pack, providing staff with clear guidance e.g. no more than 80 pages; all items for discussion or decision to have a one or two pages of executive summary briefing paper, with supporting information linked to as required; all items that are optional reading are clearly marked as such to be linked and not put in the board pack.

And even more comments from directors



We have more of a compliance mindset; need to be more strategic around the discussion around risk as opportunity.



Needs to be regular written reports to board, not verbal reporting.



We would like more focused strategic implications for discussion coming out of the board committees.



This is still a challenge. Too much time on reports and operational oversight rather than strategic conversations.



Some people are well prepared, but others ask questions in the meeting that have been answered in the board papers. Board pack is too large. Needs to help directors focus more on the key issues rather than just reporting.



Too much detail, more focus on briefing and distilling strategic topics for board consideration;



Good information, but needs to be more focused. We don't need the full story. Should be reduced and help us focus.



Structure of information needs to have a short, snappy exec summary supported by links or further info.



Really have to tell the directors what they need to focus on.



Download template:

Enhancing Board Reporting Project Plan 2022-2023

Key takeaways

B=Board; GC-Governance committee;
C-Chair; CEO-Chief Executive Officer; ELT-Executive Leadership Team

Recommendations	Responsibility	3 mths	6 mths	12 mths	18 mths
-----------------	----------------	--------	--------	---------	---------

The role of board reports are to help the board focus on what is important.

Further develop block (or consent) agenda	CEO, C	X			
CEO Report - What keeps me awake at night section and flagging what might be into the future	CEO	X			
Focus Committee meetings and reports on strategic implications	ELT		X		
Assist focusing the board by making it clear what is required from them regarding the board papers (Is the attachment optional or must be read etc...)	ELT	X			
Reframing reports so issues are up front and strategic implications are highlighted at the beginning, not hiding in the body of the report (The “where’s wally” syndrome)	ELT				
Establish mechanism for checking regarding issues or clarification required, prior to board meeting	CEO, C		X		
“What have we missed?” as a key question to be included in reports where appropriate	ELT	X			
Set a limit of between 70 to 80 pages for board pack	ELT		X		
Focus reporting on impact implications and addressing the “So what?” question	ELT		X		
Other					
Other					
Other					



Scan to Download Template

Insert briefing title here

Board Meeting Date: 13 June 2022

(Note: 2 or 3 Pages, max)

Recommendation

The board for Decision (one of: For **Noting** For **Discussion**, or For **Decision**):

That the board endorses the submission for funding etc...

Purpose of Briefing

Succinctly describe the purpose of the briefing

Background

Provide concise information on the background to the issue/matter/opportunity

Strategy Implications for Board Discussion:

- (Insert the word “nil” if strategic issues are not involved)
- Create a connection to the board-approved Strategic Priorities/Strategic Plan

Current Status

Describe what is currently happening in relation to our organisation

Issues

Financial Implications:

- Insert financial analysis, costings and include confidence estimates for the figures included.

HR / Industrial / Staffing Implications:

•

Key Risks and Risk Mitigation Actions

•

Linkages to Organisational and Board-level Policies

•

Options (if applicable)

- Option A: Describe
- Option B: Describe

Concluding Remarks

Prepared By:

- Full Name, Role, Date Prepared:

Endorsed By:

- Full Name, Role, Date Endorsed:

Attachments (if applicable):



Scan to Download Template





About Conscious Governance

Conscious Governance is a global, independent advisory service for nonprofit boards, CEOs and directors. We provide strategic planning, board governance, leadership, and risk management consulting services.

We work with organisations across virtually all sectors and provide resources, guidance and online programs that help promote strong governance practices. In delivering our services, we inspire greater strategic awareness within an organisation, opening up new ways to better serve the wider community.

About BoardPro

We exist to increase boardroom productivity and create better functioning boards. We don't believe good governance processes should be left to the domain of larger companies. We know that all parties in a board/management relationship want to use their time and resources most efficiently and productively. We found that a product that helped with the processes, workflows and guidance to work on the right things was missing from the market. So we developed BoardPro in partnership with some of the best independent directors and most progressive CEOs.