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PROPER BOARD INDUCTION IS CRUCIAL FOR NEW DIRECTORS

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An African proverb eloquently captures the essence of being prepared: *“Tomorrow belongs to the people who prepare for it today!”*

Being prepared means being proactive and taking the necessary steps to ensure that one is ready for whatever may come your way. Indeed, when we are prepared for something, it reduces the element of surprise or even shock, and usually, this state of readiness reveals new opportunities. Being prepared enables one to think and respond far more quickly even when placed in unfamiliar situations. Given the wide-reaching implications and personal liability attached to directors, it would be foolish for any person intending to occupy a board position, to not be properly inducted and have a thorough understanding of the affairs of the organisation.

Since directors are the highest decision-making authority within the organisation, it stands to reason that their appointments should be carefully vetted. Moreover, once appointed, they must be taken through their paces and familiarised with the organisation’s governance framework, ensuring they are brought up to speed with important matters that include the organisation’s values, objectives, and governance strengths and weaknesses. The responsibility for driving this process rests with the Chairperson of the board as well as the Company Secretary. Undoubtedly, poor planning and implementation of the induction process can result in the organisation and its top leadership structures facing significant damages and multiple negative consequences, not least of all reputational.

“Boards generally suffer from inadequately conceived and poorly implemented induction processes. An effective induction process addresses, directly or indirectly, a number of problems that may only surface many months after a new director has joined a board.”

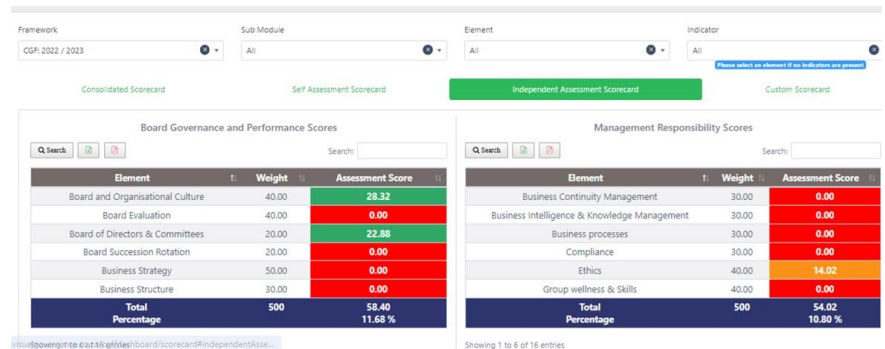
Source: Getting on board - The new director process

In respect of the design of the induction programme, it should have a multi-dimensional approach that addresses the expectations of the organisation and its key stakeholders, including its shareholders. Indeed, this process should also be balanced with the incoming director’s expectations of the organisation and their understanding of the support they can expect to receive from the board and management. There are a host of critical topics that need to be addressed in the induction programme, and these generally include matters such as the director’s rights and duties, their standard of conduct and expected contributions, alignment with the organisation’s vision, mission and values, and familiarising themselves with the regulatory framework, strategy, operations, strategic risks and opportunities of the organisation, as well as introductions to the relevant stakeholders as may be required.

Importantly, the incoming director should be made aware of the organisation’s governance strengths, weaknesses and shortfalls -- done through the organisation’s governance framework -- showing the past measures (supported by evidence) adopted by the board to improve the risks associated with poor governance. Given the importance of this exercise, there should be no shortcuts or ‘gaps’ in the induction process and programme. Failing to address the important matters which are expected of such a programme will inevitably have negative implications for the incoming director and their ability to rapidly augment the existing board by bringing their much-needed skills and experience to the table.

Many director induction programmes tend to be rushed, either by the Company Secretary, or by the new director eager to start their role, or by both parties. Regrettably, many organisations and their induction processes tend to rely on the new directors reading through a pack of documents which may contain insufficient detail, leading to the incumbent feeling frustrated, or even uncertain of their decision to serve on the board.

A meaningful induction programme encourages *inter alia*, face-to-face dialogue, meetings with existing board members and the C-suite executive to understand the organisation's governance challenges, site visits, product demonstrations and other organisational matters to equip them with the necessary information to make well-informed decisions that affect the objectives of the company.



A digitised governance framework is a vital tool for the board of directors, providing them first-hand understanding of the organisation's ongoing governance strengths, weaknesses and challenges

Together with a well-constructed director training programme, including informal social gatherings to acquaint new directors with their existing boardroom colleagues and the culture of the board, these activities are designed to provide maximum benefit for the intended beneficiaries, not least also the organisation.

In many cases, a senior and/or experienced existing board member may be temporarily assigned to the new director as a mentor to fast-track the new director into the governance functions and operations of the board. This process is definitely bolstered by discussing the governance reports produced through the organisation's (digital) governance framework as part of its institutional reporting process. Expectedly these interactions also assist in avoiding unproductive board time by addressing matters already dealt with and/or known by the existing board. In the early stages of the new director's arrival on the board -- even in the induction phase -- challenges and problems identified in the organisation's governance framework can be analysed with the fresh perspectives provided by the new director.

"If you're not prepared, it's not pressure you feel, it's fear."

-- Bruce Bochy (American professional baseball manager) --

Clearly, the benefits of a thoroughly prepared induction programme in driving a sustainable and well-governed organisation should never be underestimated. Furthermore, research confirms that, internationally, the organisation's governance framework is a vital component of this process as it provides critical data to understanding various aspects of the organisation's strategic and operational performance.

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