

Office of Sport, NSW

**Avoid a governance own-goal!
SSO Board success with
HPBEAT**





Wednesday, 29 November 2023

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Office of Sport
Sport & Recreation

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**The what, why, how of board
performance evaluations**

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Why evaluate?

*If you can't measure it, you can't manage it...
... and if you don't evaluate it, you can't hope to improve it*

- Many corporate governance codes (including those across Australia sectors, including sport) call for regular board performance evaluations as a principle or recommendation
- Good boards 'evaluate' constantly:
 - At end of each board meeting
 - Through non-exec director-only time discussions
 - Through a candid relationship

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Why do boards succeed or fail?

In the wake of the meltdowns of once great companies ... were the directors asleep at the wheel? ... Close examination reveals no broad pattern of incompetence or corruption. In fact, most boards followed most of the accepted standards for board operation.

Jeffrey A Sonnenfeld,
*'What Makes Great Boards Great',
Harvard Business Review, Sept 2002*

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But what really makes a difference?

Answer:

The key isn't structural, it's social. What distinguishes exemplary boards is that they are robust, effective social systems.

(Jeffrey A Sonnenfeld)

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What makes a 'good' evaluation?

Assessing key governance roles and functions of a board:

- The board's functioning:
 - Discharge of the role and functions
 - Key activity (decision-making in meetings)
 - Key capability of board (ability to exercise good judgement)
- Committees
- Directors



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What are the key benefits?

Being aware of strengths and weaknesses helps to overcome areas of underperformance to better all other areas of organisational performance



Potential areas for improvement:

- director and member confidence in the accountability and integrity of the organisation
- the quality of discussions at board meetings
- the credibility of reporting
- the level of interpersonal cohesion
- the degree of knowledge and understanding of the role

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How to Evaluate?

- 'Light-touch' evaluations
- 'In-depth' evaluation
- Peer assessments
- Use of online tools
 - Don't forget the power of in-person facilitation
- Why (pay for!) a facilitated evaluation



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No matter the method chosen...

A good evaluation should provide your SSO Board with:



a means for capturing candid input of individual directors



an open discussion by the board



an action plan for the board (and preferably individual directors)

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What kinds of 'traps' should you look out for?



Be aware: the process rarely uncovers revelations for anyone!



Conveying the difficult messages



The process is only as good as the commitment of directors to improve

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What kinds of 'traps' should you look out for?



Keep it timely and in a manner that works for your board (internal vs external)



Beware of asking for feedback from those who don't understand board role



Removal of non-performing directors

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Words of advice...



There is *no single 'right'* way of undertaking a board performance evaluation

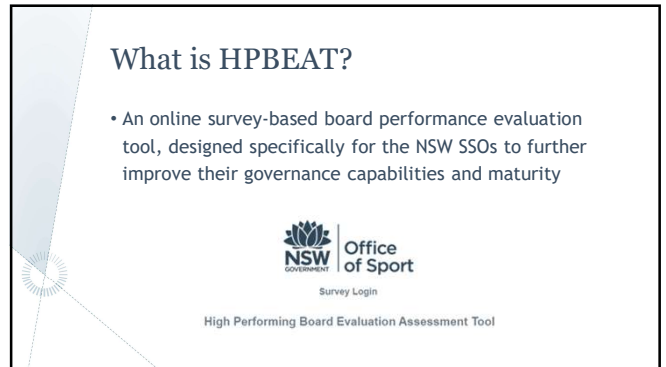


The best approach for any board, is to undertake an evaluation that is *fit-for-purpose* in meeting the needs and desired outcomes of the board

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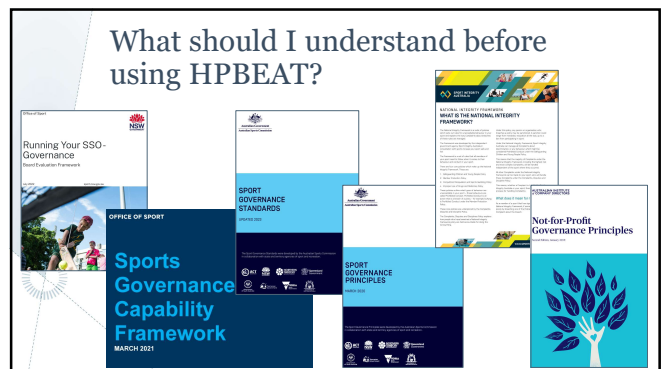
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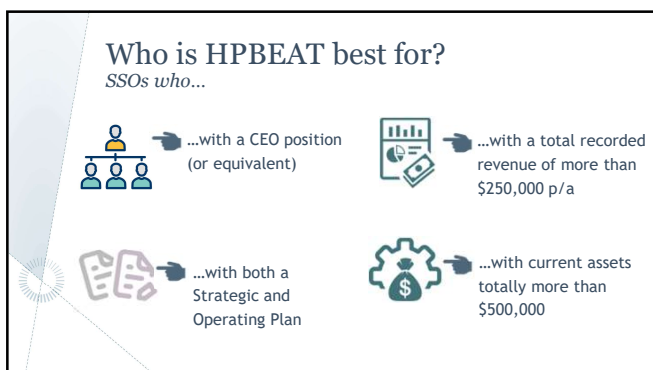
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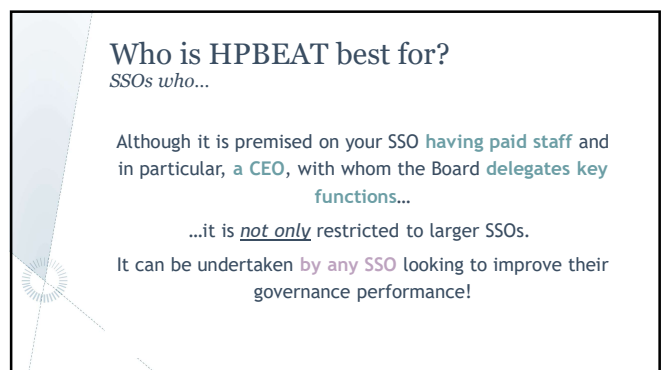
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What does HPBEAT assess? (a range of key good governance areas (KGA))

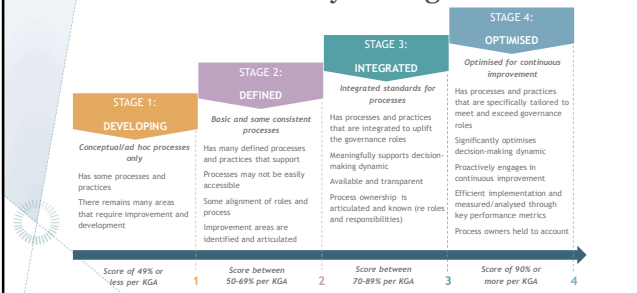


- 67 assessment questions
- Culminates in 10 scores for 10 key good governance performance areas (possible score /335 points)
- Offers a maturity rating based upon the results

1. Purpose, vision, and strategy
2. Integrity and values
3. Stakeholder engagement and accountability
4. Policy and oversight
5. Risk management
6. Working with and through the CEO
7. Board dynamics
8. Board administration and structures
9. Board composition
10. Board Chair

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HPBEAT Maturity Ratings



Stage	Description	Score Range
STAGE 1: DEVELOPING	Conceptual/ad hoc processes only. Has some processes and practices. There remains many areas that require improvement and development.	Score of 49% or less per KGA
STAGE 2: DEFINED	Basic and some consistent processes. Has many defined processes and practices that support. Processes may not be easily accessible. Some alignment of roles and process. Improvement areas are identified and articulated.	Score between 50-69% per KGA
STAGE 3: INTEGRATED	Integrated standards for processes. Has processes and practices that are integrated to uplift the governance roles. Meaningfully supports decision-making dynamic. Available and transparent. Process ownership is articulated and known (i.e. roles and responsibilities).	Score between 70-89% per KGA
STAGE 4: OPTIMISED	Optimised for continuous improvement. Has processes and practices that are specifically tailored to meet and exceed governance roles. Significantly optimises decision-making dynamic. Proactively engages in continuous improvement. Efficient implementation and measured/analysed through key performance metrics. Process owners held to account.	Score of 90% or more per KGA

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How do you get the most value out of the HPBEAT experience?

- Have the 'right' kind of mindset going into HPBEAT
- Whole of SSO Board participation (as a group or individuals)
- Utilise the Performance and Assessment Implementation Strategy Tool (PAIST) to collate scores



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How do you get the most value out of the HPBEAT experience?

- As a board, discuss the 'recommendations' put forward in the results report
- Identify and agree the governance areas for future development
- Develop and set the strategies and key performance indicators (KPIs) for monitoring and tracking improvement progress

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Remember:
The journey to governance excellence is a marathon... not a sprint!

- SSOs are encouraged to use HPBEAT... BUT it is just 'one' tool to assist the governance performance of your SSO Board
- Seek out external consulting advice and support (if required) to assist in bespoke scopes of work to further the governance maturity of your SSO Board

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Q&A



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