

MCKINSEY & COMPANY'S GLOBAL INSIGHTS INTO MAKING YOUR BOARD MORE STRATEGIC

CORPORATE DIRECTORS WANT TO SPEND MORE TIME DEVELOPING FORWARD-LOOKING STRATEGIES THAT HELP MAXIMISE SHAREHOLDER VALUE. BOARDS THAT ARE ALREADY HIGHLY INFLUENTIAL IN CREATING CORPORATE VALUE WORK DIFFERENTLY.

A recent article published by global consulting firm McKinsey summarises the results of a wide-ranging survey that generated responses from 586 corporate directors, 51 percent of them CEOs.

Respondents represented 376 private and 161 public companies in addition to senior executives at non-profit organisations and public bodies. Twenty-six percent of the companies represented in the survey have annual revenues of \$1 billion or more.

What do these international opinion-leaders view as their priorities in terms of corporate

This indicated a major shift in attitude: the boards of many major organisations are now moving away from a reactive approach (stressing complying with standards and targets) to a more proactive focus (looking ahead to achieving realistic targets and building talent). European associations need to consider how this shift in long-term strategy might impact the activity of their own boards and executives.

In the McKinsey survey, and following on from the talent-building approach, several corporate leaders also emphasised the importance of working with managers as part



THE BOARDS OF MANY MAJOR ORGANISATIONS ARE NOW MOVING AWAY FROM A REACTIVE APPROACH TO A MORE PROACTIVE FOCUS

governance? In summary, the majority of survey respondents said they want to give *'higher priority to talent management and forward-looking strategies that maximize shareholder value, and spend less time dealing with issues such as compliance'*.

NEW PROACTIVE AND LONG-TERM FOCUS

Strikingly, many corporate board survey respondents stated that they want to change their priority from a focus on compliance to a focus on strategy and talent management.

of a team to create value, and to then ensure that this value is passed onto stakeholders, members and shareholders.

MAXIMUM BOARD EFFECTIVENESS

Seventy-nine percent of all respondents believe that boards could have great influence on the creation of corporate value if they were as effective as possible. The report raises a key discussion point: *What do highly influential boards do differently?*

- + They focus on long-term strategy.
- + They put a higher priority on activities

such as succession planning and the evaluation of future performance - thereby gaining the most out of the talent and potential of staff and managers.

- + They are more likely to have expertise in sector and functional knowledge, performance management, and talent management. However, the report states that with regard to talent management there's still room for improvement: only 46 percent of the respondents on influential boards say they have significant or distinctive expertise.

The full report can be found here: www.mckinseyquarterly.com/governance/boards/making_the_board_more_strategic_a_mckinsey_global_survey_2124