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Executive Search & Board Advisory

BUSY WORK – ARE OUR BOARDS THE CREATORS AND DOERS OF BUSY WORK?



What is Busy Work?

According to the Merriam-Webster dictionary, 'busy work' is work that usually appears productive or of intrinsic value but actually, only keeps one occupied. In simple terms, people doing busy work are doing work but it is unproductive work.

Boards and Busy Work

At a recent Blenheim Partners dinner attended by Chairmen, Non-Executive Directors and CEOs, the frequency of Board meetings in Australia was questioned versus other jurisdictions, such as the US and UK where there can be half the Board meetings that occur in Australia for Australian companies.

In the majority of cases, Australian companies would have approximately 10 Board meetings each year. This excludes Board Committee meetings and does not take into account additional Board meetings that may be required to deal with particular issues such as M&A activity, capital raisings or other events.

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This is in contrast to US companies where the 2016 tenth edition of the Deloitte Board Practices Report found that in the US, 62% of boards met 6 or fewer times in the year. So do Australian Boards have more work to do than US Boards, is there more governance for Boards to deal with in Australia, or has busy work overtaken them?

So what is the Workload?

Attendees at the Blenheim dinner stated that the frequency of Board meetings generated work analogous to the iceberg principle. Each scheduled Board meeting generates enormous work to support the agenda items for the meeting. Papers for these Board meetings are extensive, and the resources and time to prepare them for each meeting are similarly significant. Although in today's digital age many Board papers are delivered electronically, if they were printed out they would run to reams and reams of paper. To read them with the appropriate degree of diligence is another exercise in itself. And, they need to be issued generally at least a week prior to the meeting to ensure the Board members have significant time to read them.

When you realise that at say 10 Board meetings per year that is roughly 1 per month, think of it this way:

- Week 1 – Papers prepared for Board Meeting;
- Week 2 – Papers distributed to Board Members;
- Week 3 – Board Meeting takes place; and,
- Week 4 – Minutes of Board Meetings compiled and distributed to Chairman to review.

Then the cycle all begins again. There is no rest and some would say it is akin to a treadmill! As can be seen from the above, the Board Meetings in any company generate an internal industry of individuals in the preparation and management of the Board process. This in no way suggests that there should not be adequate preparation for Board meetings, only that there should be a review as to how the process may be streamlined and improved for the benefit of both Board Members and shareholders.

So how can things be changed?

A number of views have been put forward on the lack of time spent by Boards on strategy. Many argue that strategy is not a once per year exercise, but rather an ongoing one. Hence, one suggestion put forward to address both the 'busy work' and the limited time, and ongoing focus on strategy would be to restructure the Board meetings into 2 types: the first to deal with many of the necessary governance and other ongoing issues, but this to happen at every second meeting, so if maintaining the current average of 10 meetings per year, then 5 meetings would focus on these matters. The other 5 meetings, again every second meeting would be focused on strategy development and review. Such an approach would achieve the benefit of halving the busy work while at the same time increasing the focus on the strategy for the company – surely a positive approach!

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- Board Strategy and Structure Consulting;
- External Succession Planning; and
- Executive Re-Engagement / Transition.

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Our consultants have worked with clients from all sectors and a broad range of geographies. They include over 80 of the ASX 100, 10% of the FTSE 100, Private Equity, Multinational, Private Family and Mutually Owned Companies.

Our work includes assignments that are both local and international in scope.

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Our culture is built on pride, professionalism, esprit de corps and client service.

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