



Bored with board papers?

By **Mary Morel**, Director, The M Factor

- *Common problems with board papers and how to avoid them*
- *Practical tips and techniques for producing high-quality, appropriate board papers*
- *Checklists to help maximise effectiveness and minimise problems in preparing board papers*

It is not just companies that have gone down the gurgler that have received poor board papers. Many boards that appear to perform well also make decisions based on inadequate or poorly written board papers and sometimes have to rely on the CEO's guidance or their own expertise.

The quality of corporate governance has never been more crucial with the increasing demands placed on businesses by globalisation and complex financial reporting requirements.

Problems with board papers

Many board papers are not fit for the purpose of governance. They are not appropriate for the audience and are overly lengthy, far too detailed, poorly laid out and badly written. A lot of material provided in some board papers is simply not relevant.

Written for management, not governance

One of the main problems with many board papers is that they are written for management rather than directors. A reason sometimes given for this fault is that many writers have not received training about the distinction between management and governance.

As a result, boards often receive a lot of unnecessary and irrelevant information about day-to-day management issues that can distract them from their governance role. Often the person editing the board paper will weed some of this information out, but this should not be their role.

Assumptions based on shared knowledge

Many writers of board papers are so familiar with the material they are writing about they make assumptions that everyone else shares their knowledge. They do not appreciate that although they are writing for an intelligent audience, their readers will not have their depth of understanding on the topic.

We all make this mistake. And we often do it without even realising. When we 'own' an area of expertise, we forget how long it took us to gain our expertise.

Remember back to when you first worked in a new industry and how overwhelming the language seemed. I'm sure we've all had the experience of trying to read a document that looks

A good set of board papers is essential for effective governance.

A well-constructed set of board papers gives an overall picture of the organisation at a point in time and highlights the decisions that need to be made at a particular board meeting.

Directors rely on board papers to provide them with the 'right' information so they can make decisions affecting a company's financial and strategic future. The papers are also a formal record of the board's decision-making process.

Good board papers not only provide comprehensive financial data, but also give management's view of the major strategic issues confronting the company. So management has a responsibility to flag problems and possibilities with clarity and simplicity.

The failure of some high-profile companies, both here and overseas, gives cause to wonder why the directors were not better informed. The telecommunications industry was gossiping about OneTel, so why didn't the directors know? Why didn't management keep them informed of all the relevant issues?

Responsibility lies with directors to find out as much as they can if they are concerned about the direction of a company and the information they are receiving. Yet at the same time, boards might have saved some recent company failures had they consistently received comprehensive, relevant board papers about strategic and financial issues.

as if it was in a foreign language. I worked in Telstra Wholesale for a year and for the first few months most meetings seemed to be held in Double Dutch. Yet recently, without even thinking about it, I used the term 'IT&T' (information technology and telecommunications). One of my readers had never heard of the term.

Every industry has its three letter acronyms (TLAs) and jargon. When readers are familiar with a topic, such jargon has its place, but it is overused. New directors need a glossary (which is seldom provided) to make sense of their papers. Over time, they come up to speed, but in the meantime their valuable contribution is diluted.

Drowned in detail

But even worse than TLA papers, are long papers that drown the reader in detail. Many managers are so steeped in a wealth of information they lose the ability to extract the key messages. It is all important to them. They are writing for themselves; not directors.

Such writers do not pre-sort their writing into 'must know' and 'nice to know' information. This makes it difficult for directors to identify the key messages and can lead to tortuous discussions about minor issues.

Information massaged to 'look good'

Sometimes management unintentionally does a 'sell' job on the board. It's human nature to want to do well and be praised. And there's a temptation to show the board what a good job everyone is doing rather than concentrating on financial and strategic issues and risks.

One of the problems with an overly positive 'spin' is that directors can become lulled into a false sense of security about the company's position. It is hard for directors to ask pertinent questions when they don't have access to the information they 'need to know'.

Poorly written and structured inappropriately

Some writers of board papers have a natural aptitude for writing; they enjoy writing, and are always improving their skills through reading widely and critically evaluating their own work. Others find writing a chore and this is sometimes compounded by a poor understanding of basic grammar and style. As writing is an essential skill in business today, such writers may need to be encouraged to improve their writing skills.

But even if people write well, what some writers fail to grasp is that the way we read and digest material has changed with the growth of online communication. Although we use different conventions depending on the type of writing we are doing (for example, a report has a different structure from a press release), online writing techniques have permeated all print material.

We no longer expect board papers to be written like university essays with an introduction, body and conclusion. We don't want to wade through

scene-setting material to discover the point of the document halfway down the page. We expect to see key messages spelt out simply and clearly upfront and in our face.

We also like our reading material broken into 'chunks' of information. So paragraphs are now much shorter than they used to be, subheadings are used more and bullet points are common in most board papers.

Some writers go overboard with this 'new' style of writing and prepare everything in chart and bullet form. This style is economical on space, but overlooks the fact that people read material in different ways. I am a 'words' person and if confronted with a graph, I look for the explanation rather than try to decipher it. A long list of bullets also makes my eyes glaze over — I'll read the first few and last few only. Other readers will skip the paragraphs, but read the bullets and analyse the graphs. A well-written board paper needs to cater for both types of readers.

Poor layout

Many writers of board papers do not pay enough attention to the layout of their papers, forgetting that first impressions influence a reader's attitude towards the content. A document that looks dense with long paragraphs or lengthy bulleted lists will scream 'difficult to read'.

A common mistake is trying to squeeze too much information into a tight space. White space (jargon for areas without type or graphics) is visually attractive. It also has another bonus for directors as they can make their own notes on the paper.

Every document, even internal emails, that an organisation produces should be in keeping with its brand. While most organisations have templates and style guides determining typeface, size of fonts, heading hierarchies and so on, in my experience writers often break template and style rules. Not many people in most organisations I have worked with are familiar with their style guides, partly because most style guides are long and boring. A few organisations have a brief mandatory style guide and monitor it.

The result of writers using their own templates can be a set of board papers in a mishmash of different styles. This can cause confusion and also is distracting from the content. Often the person putting the board papers together will change all the styles for consistency, but this is a waste of that person's time.

So how can writers of board papers improve their writing?

Board sets the parameters

Boards need to be clear about what they expect from board papers. They need to identify what operational reports they must receive regularly and what these should cover. For example, they may decide they need regular updates on infrastructure, people and development, key client groups, key projects and key risk areas.

The whole pack — a vast array of paperwork to make sense of

The chair and Company Secretary are responsible for circulating the board papers before the meeting. As Geoffrey Kiel and Gavin Nicholson say in *Boards That Work*, a set of board papers should include:

- agenda
- minutes of the previous meeting
- major correspondence
- CEO's report
- financial reports
- documents supporting submissions that need decisions.

The board may also decide that major 'chewy' strategic issues of substance that do not necessarily need decisions also be on the agenda and discussed. Such papers could be in narrative, rather than bullet form, and be distributed to a wider audience for comment.

Many boards annually evaluate how the board is functioning and this may be an opportunity to evaluate their agenda and board papers. For example, a company may decide that they want their agenda to be recommendation-focused, based on position papers. An advantage of this approach is that the minutes then flow out of the agenda items so are quick and easy to write up.

As part of the same exercise, boards also need to decide what form they want their minutes to take. Although there are different styles of minute-taking, many board minutes today are short and concise, showing what was decided, not who said what. Action sheets often accompany minutes, recording who is responsible for what action and by when.

PACKO for writers of board papers

Although most writers of board papers will be conversant with plain language principles, PACKO is a useful memory jogger when they are writing board papers. It stands for purpose, audience, context, key messages and outcome.

I use PACKO before I start writing a document. I use it again when I have finished my first draft as when writing I can become so involved in my content that I lose sight of my audience.

Purpose

If writers are clear in their own mind about why they are writing a board paper it will help them structure their material appropriately. For example, if their purpose is to recommend a capital expenditure, their recommendation will come first, followed by the supporting information. If their purpose is to inform, they may start off with some background information about the issue.

Audience

If writers write with their audience firmly in mind their papers will be more relevant. They will find it easier to decide what information is relevant and what they can safely leave out. They will be less likely to deluge directors with dross.

Often writers find it difficult to leave material out, especially if it is interesting. But if they ask themselves 'Is this relevant for the directors?' or 'So what?', the decision will be easier. They will find the balance between essential and unnecessary detail.

As well as not making assumptions about directors' knowledge, writers also need to remember that directors are busy people. Many directors only receive their papers 48 hours before the board meeting, so all papers need to be as short as possible. If a substantial issues paper needs to be longer, it should contain a succinct executive summary.

Content checklist for writers of board papers

Complete

- Is there enough information?
- Can the reader make a decision with confidence?

Relevant

- Is all the information relevant or does it include 'nice to know' information as well?
- Is there too much information?
- Is there enough analysis?

Appropriate

- Is there enough supporting information?
- Is the language suitable, i.e. clear and simple, without too much jargon?

Objective

- Are the risks clearly identified?
- Are opposing views given a fair hearing?

Accurate

- Are the finances and facts accurate?
- Are fact and opinion clearly differentiated?

Financial information and strategy

- Is the financial information complete and accurate?
- Does the paper comply with the company's strategy?
- If the paper is outside the company's strategy are the reasons clearly explained?

Checklist for directors

Administrative issues

- Are board papers clearly marked 'information only', 'discussion' or 'decision'?
- Are board papers clearly numbered and cross-referenced?
- Does the referencing include supporting documentation?
- Does each board submission have a standard cover page (agenda item, number, date, sponsor and proposed resolution)?

Director checklist

Legal

- Does the board have the authority to make the decision?
- Does the decision breach any legal requirements?

Fiduciary responsibilities

- Is the proposal in the best interests of stakeholders or members?
- Do any directors have any conflict of interest?

Duty of care

- Does the proposal make sense and does it cover all the issues?
- If the proposal is contentious does it include more than one source of advice?

Strategy

- Is the proposal in line with strategy?
- Is the proposal in the company's best long-term interests?

Risks and compliance

- Does the proposal include a risk assessment?
- If risk and compliance issues are raised is a strategy included to deal with them?

Implementation

- Do any policies need amending to develop the proposal?
- Does the proposal include monitoring and measuring systems?
- What communication is needed with stakeholders?

Source: *Kiel, Geoffrey, Nicholson, Gavin, Boards That Work, McGraw-Hill, Sydney 2003*

Context

As boards have financial and strategic responsibilities, papers need to address both these areas. So, in a nutshell, a paper could say: 'We want to do X because..., the financial implications and risks of doing X are Y, and this is how it relates to our strategy'.

If a proposal is outside the company's strategy or policies, this needs to be highlighted so the board can discuss it.

Key messages

Key messages are the main high-level ideas in a paper. There is only room for a few key messages in a board paper (sometimes only one and seldom more than three). They are the sort of ideas that we share with someone in a lift when we only have a few minutes to get our point of view across.

If writers clarify their key messages before writing, they will spell them out simply and clearly at the beginning of the paper so everyone understands the same message. They can then selectively choose appropriate content and detail to support their ideas.

Outcome

Outcome relates back to purpose, but the focus is different (for example, if the aim is to inform, the outcome will be that readers are informed). If writers think about how they want their readers to respond, they will make sure the material is written from the readers' perspective; not theirs.

Kiel and Nicholson recommend that papers be numbered and cross-referenced and clearly marked for 'information only', 'discussion' or 'decision'. This distinction is vital as while boards need to be abreast of a company's performance they should not become involved in minor or operational matters that are best left to management.

A board performing to its full potential needs sufficient, timely, accurate and relevant information.

Mary Morel is the author of Promote Your Business and Talk Up Your Business (Allen & Unwin). She works with companies to improve the quality of their written communications, including their board papers. Visit www.themfactor.com.au for more information or contact Mary on (02) 9365 7711 or mary@themfactor.com.au. ●