



Special Meeting - Board Team of 8 Retreat Agenda
Friday, December 2, 2022
Facilities Resource, Inc
1641 Scottsdale Dr.
Leander, TX 78641
6:15 PM

During meetings of the Board of Trustees, we want to give our public access while providing a safe and secure environment. If you're planning to attend the meeting, please review the meeting protocols designed to help manage health, safety, decorum and citizen comments. The Board meeting protocols are available at <https://bit.ly/3DHAR4v>.

Note, the district has instituted a clear bag policy for members of the public at all Board meetings (see the link above for details).

Doors will open to the public at 5:45 PM.

Please note, this meeting will not be live-streamed. A video and audio recording will be available on the District's website no later than seven days after the meeting.

This is a Special Meeting of the Board of Trustees. At Special meetings, Citizen Comments will be limited to topics listed on the agenda. Citizens wishing to address the Board of Trustees may do so in-person at the meeting location noted on the agenda. In order to address the Board, individuals must sign up online at <http://bit.ly/3EvBzVB>, between noon the day prior to the meeting and noon the day of the meeting. Citizens who need special accommodations or assistance with sign-up should contact the office of the Superintendent (512-570-0000) during regular business hours.

The notice of this meeting was posted in compliance with the Texas Open Meetings Act on November 18, 2022, at 2:39 PM.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. **CALL TO ORDER AND DECLARATION OF QUORUM**
2. **CITIZEN COMMENTS** (*Citizen comments will be limited to topics on the agenda. See the notes at the top of the agenda for instructions on how to sign up and details regarding speaking.*)
3. **TEAM BUILDING**
4. **BOARD MEETING DEBRIEF**
5. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E or Texas Government Code section 418.183(f). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting. [See BEC(LEGAL)]

Focusing on the Future: How Gold Medal Boards Prioritize Their Time

2022 Global Board Culture and Director Behaviors Study

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Every three years, Russell Reynolds Associates surveys a global group of board directors, asking them about their board, their fellow directors, how they spend their time, and what topics they focus on the most. This year, over 1,100 directors participated. Russell Reynolds Associates uses the information they provide us in our work assessing directors, recruiting and evaluating board leaders, and as part of our board effectiveness and advisory work.

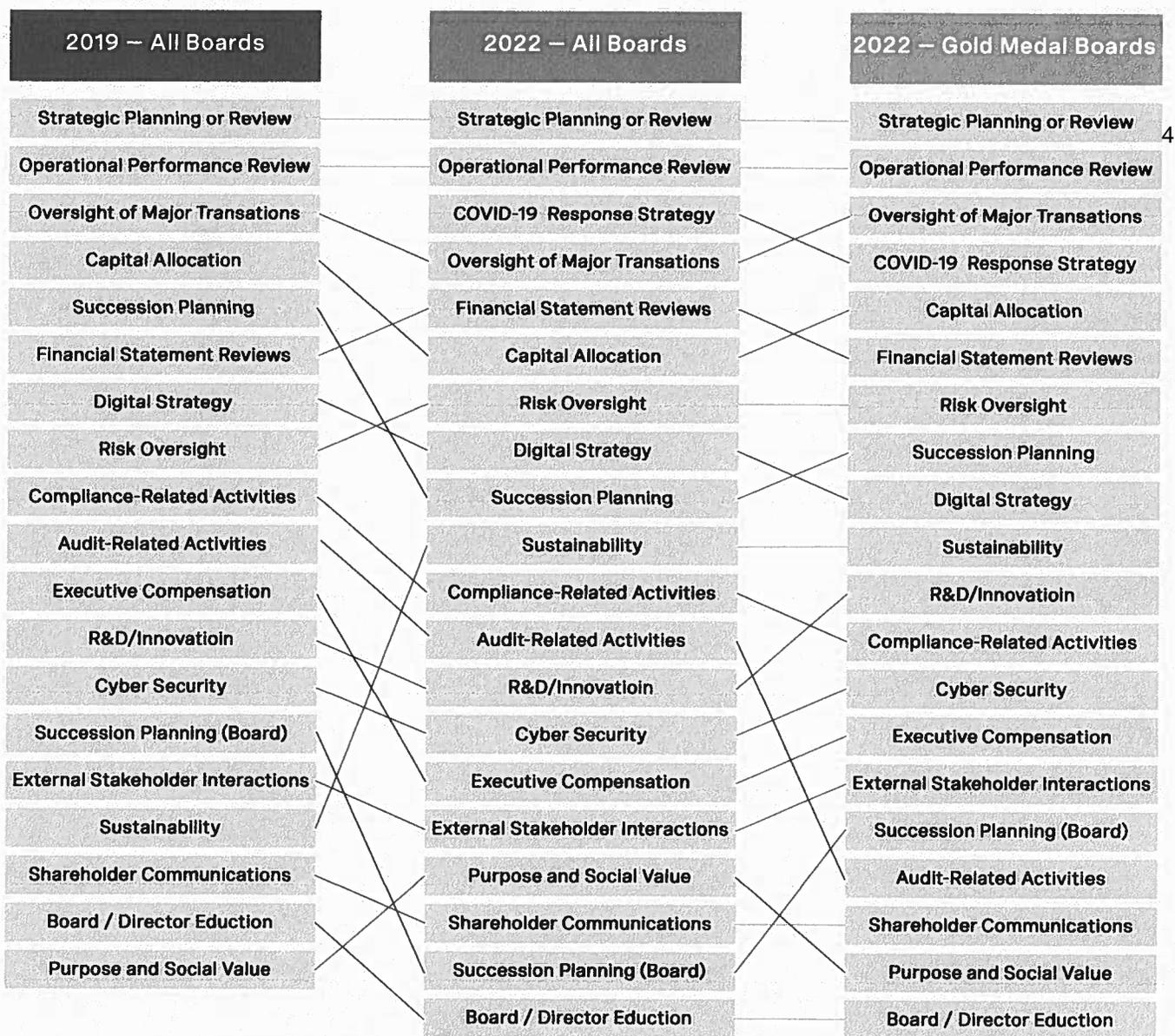
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The 2022 survey data was particularly rich, and Russell Reynolds Associates will be publishing a series of reports throughout this year looking at high performing director and board leader behaviors, the attributes of high performing boards, sustainability, DE&I, and other topics. This series will help directors around the world understand the latest trends and insights in each of these areas, and learn what they can do to enhance their own board performance and effectiveness.

Consciously or unconsciously, every board independently decides where it is going to focus its attention and efforts.

We asked directors to reflect on their board agenda over the past 12 months and identify the top three areas where their full board has spent the most time, and we then ranked those items based on how frequently they end up in a top-three list. There was substantial movement between 2019 and 2022 - no surprise, given the significant upheaval and challenges companies faced in 2020 and 2021. But there were also differences between how typical boards spend their time and how Gold Medal Boards (boards whose directors rate their board effectiveness as a 9 or 10 on a 1-10 point scale, and report the company as having outperformed relevant TSR benchmarks for two or more consecutive years) spend their time, as shown in the visual below.

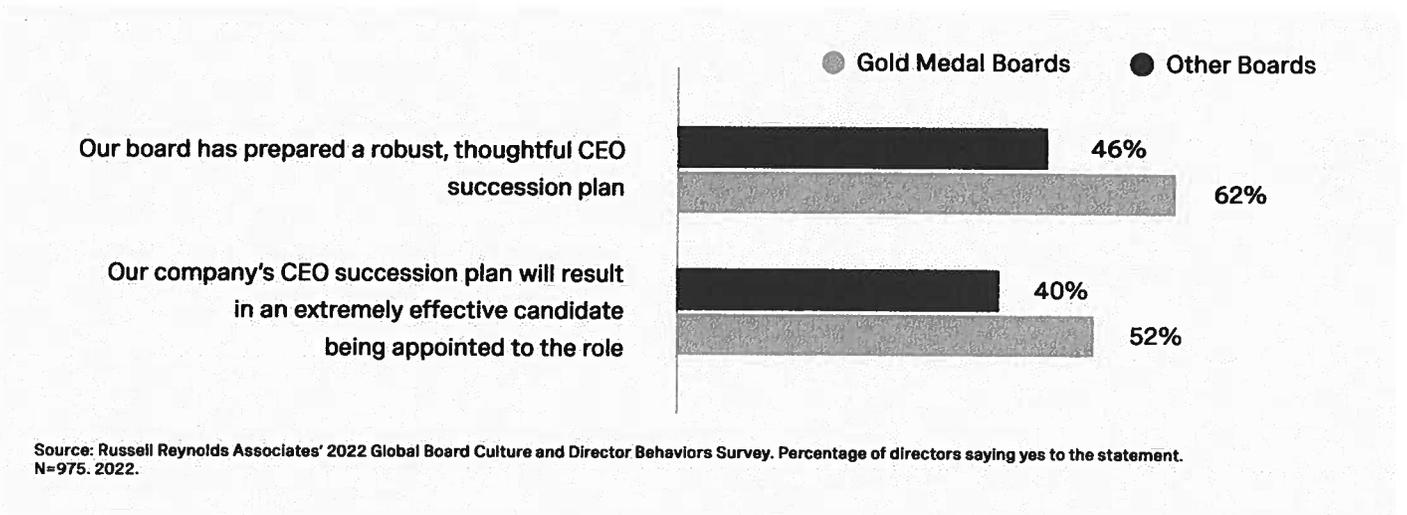
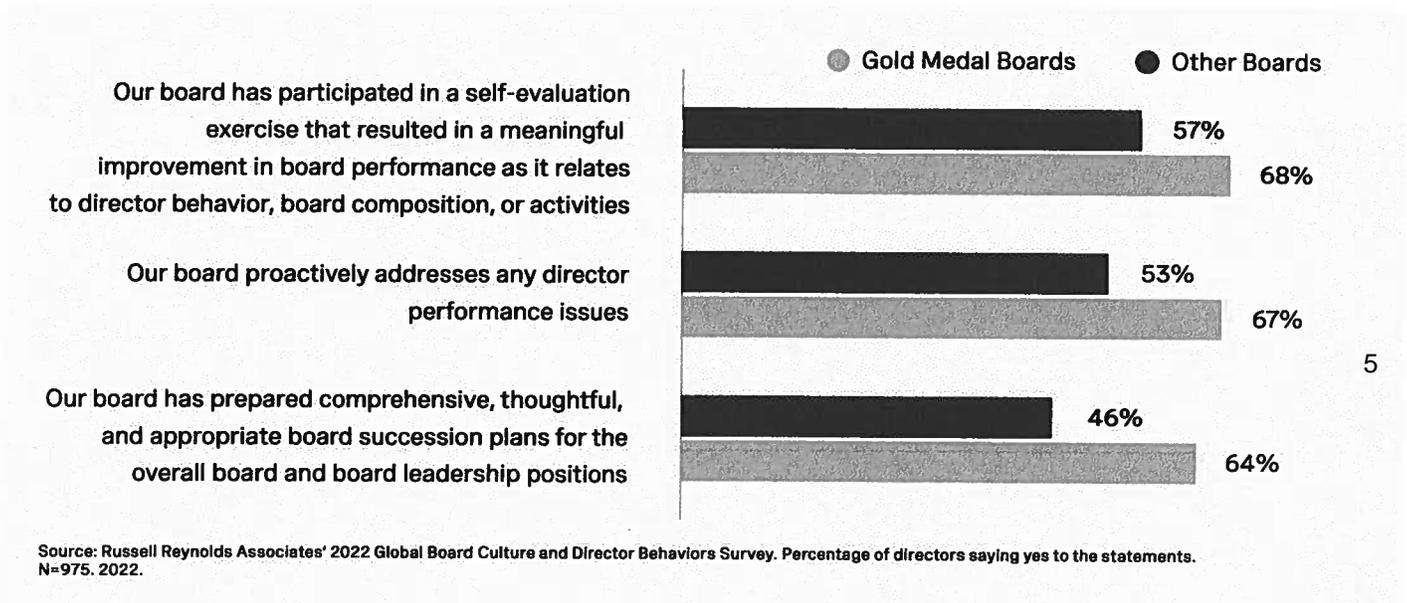
As we wrote in Harvard Business Review in 2020, "Reviewing financial statements, audit activities, and compliance activities are the responsibility of the board, not the mission of the board. The most successful boards not only know this, but they craft their work and interactions to reflect it."¹ How boards prioritize topics and structure their agendas to focus on future focused, strategic topics is critical. We saw that when we looked at how Gold Medal Boards focus their time in 2019, and we see it again in 2022.



Source: Russell Reynolds Associates' 2022 Global Board Culture and Director Behaviors Survey. Directors were asked the top three areas where their full board has spent the most time over the past 12 months; answers are ranked by frequency of selection. N=1,036. 2022.

In the midst of a global pandemic, economic turbulence, and societal upheaval, Gold Medal Boards continued to stay focused on value-creating work: strategic planning, operational performance, M&A, and capital allocation. COVID-19 response was on the agenda, too - no surprise - but ranked below M&A. Why? Gold Medal Boards know that challenging times create opportunities to acquire weaker competitors, complimentary firms, or key partners who have run into trouble and are looking for an exit.

Gold Medal Boards also were more likely than typical boards to focus on succession planning for both CEOs and board members in 2021. It looks like those efforts paid off:





From Insight to Action

Board leaders and board members collectively need to ensure that their board stays focused on what matters most:

Forward-focused and value-creating agendas: Too many boards focus on backwards-looking compliance and review activities at the expense of forward-focused, value-creating efforts. Reviewing financial statements and audit activities are important and must be done well, but setting strategy, overseeing operational excellence, making sure M&A is strategic and successful, and similar activities all help create the future and create value. Boards need to step back, readjust their agenda, and reallocate their time.

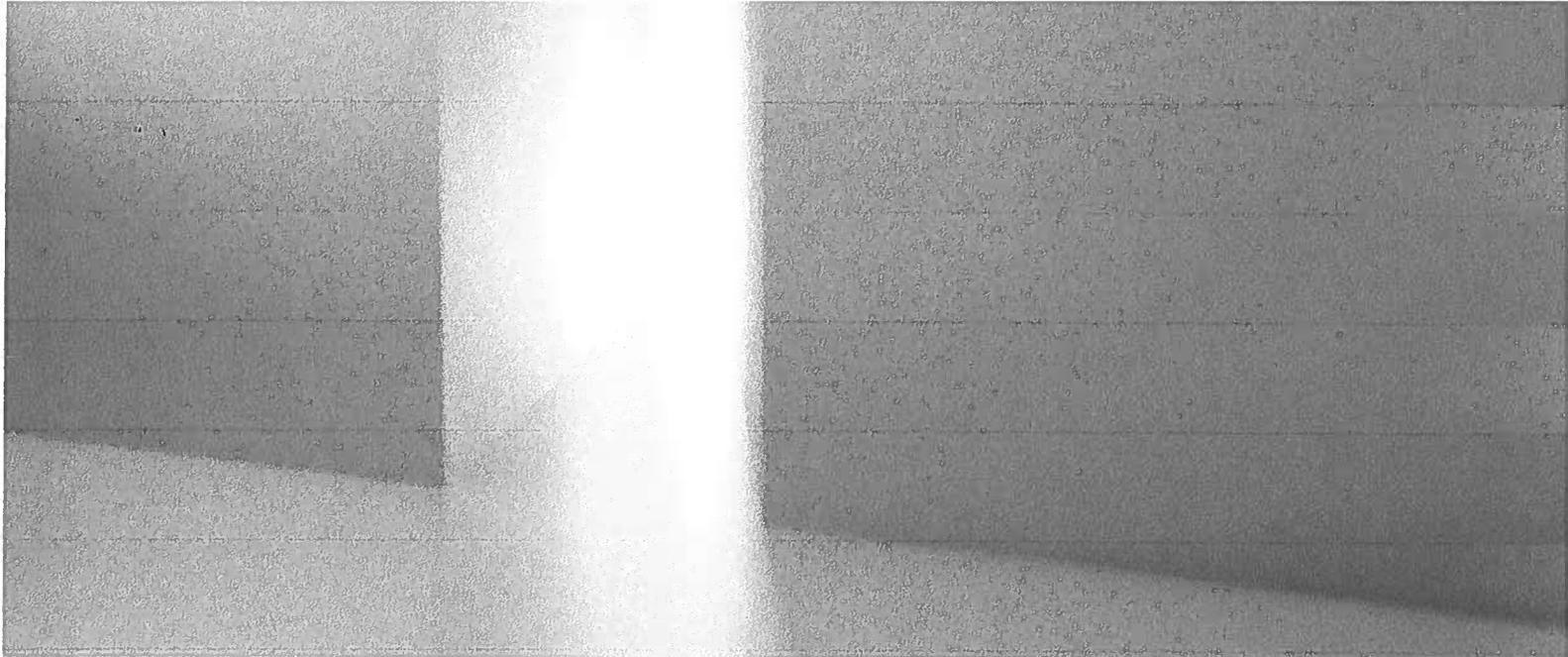
Driven to perform: It is almost impossible for board leaders to improve the quality of their board if they do not have the data necessary to measure and assess performance. The best boards know this – that is why they are more likely to do full board as well as individual director review activities and give performance feedback to directors. Clear, concise, evidence-based performance data is the foundation for improving individual director – and ultimately, the full board’s – performance.

Successful succession events: CEO succession is one of the most important activities a board will ever undertake. Too many CEO searches are done at the last minute and fail to create lasting value for the business or shareholders. Boards need to make sure long term CEO succession planning is a constant undertaking, high on the boardroom agenda, that the board always has ideas regarding potential succession candidates and that, if a succession had to take place tomorrow, they are confident that an extremely effective candidate would be appointed to the role.



Methodology

Over 1,100 supervisory board-level directors from more than 41 countries participated in the Russell Reynolds Associates' 2022 Global Board Culture and Director Behaviors Survey, with 55 percent of respondents based in Europe, 27 percent in the Americas, 12 percent in Oceania, 3 percent in Asia, 2 percent in Africa, and 1 percent in the Middle East. Industries represented included financial services (26 percent of respondents), industrial and natural resources (22 percent), consumer (11 percent), technology (11 percent), healthcare (10 percent), and professional and business services (6 percent). Forty-four percent of respondents' companies had annual revenue over \$1 billion



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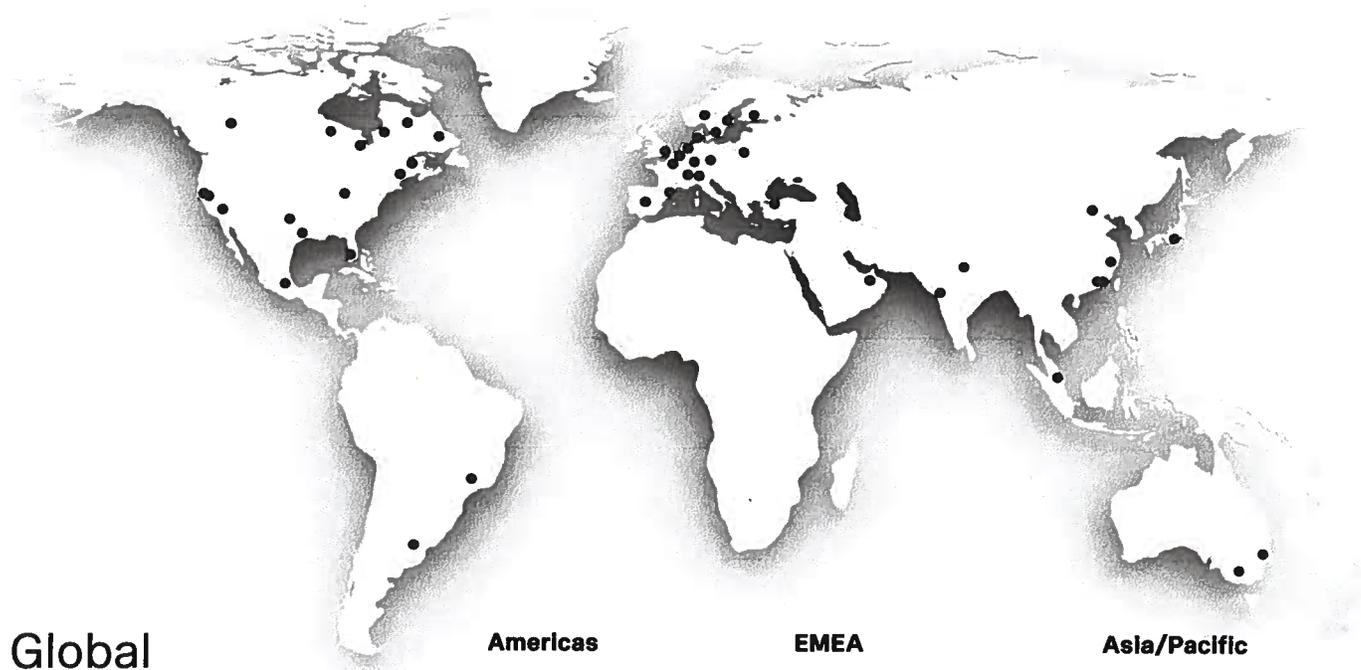
References

1. <https://hbr.org/2020/02/top-boards-do-these-4-things-differently>

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 47 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

www.russellreynolds.com



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- Mumbai
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- Shenzhen
- Singapore
- Sydney
- Tokyo

Board Training

I. **BOARD CHALLENGES**

II. **BOARD ROLES, RESPONSIBILITIES¹¹
AND RELATIONSHIPS**

III. **BOARD/SUPERINTENDENT
COMMUNICATION**

Questions and Rules

- Why are we here?
- What do you have in common?
- Be honest even if it hurts a little.
- Listen carefully.
- Be constructive.
- Maintain your sense of humor.
- Keep Leander children in mind at all times.

BOARD CHALLENGES

- What is inspiring you?
- What are you thinking?
- What do you as a Board member believe?
- Does this match your current belief statement?
- What are your dreams, aspirations, expectations for the district? Students?
- How do you want to be different?

BOARD CHALLENGES

- What about the direction of this team really pleases you?
- What about the direction of this team is of concern to you?
- Do you think you can make a difference by yourself?
- What needs to happen in LISD in the next five years that would make all of you really proud that you served as trustees?
- What do you want the legacy of the Board to be?

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BOARD CHALLENGES

TOPICS THAT CHALLENGE US

- Building trust
- Sticking together?
- Avoiding internal attacks
- Working together
- Our role – community volunteer or community politician to broker the system?

BOARD CHALLENGES

- Facilities
- Teacher retention
- Social media
- Email communication
- Board dynamics – officers, committees

ROLES AND RELATIONSHIPS

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Relationship Spheres

- Other board members
- Superintendent
- Business and civic leaders
- Other elected officials
- Teacher groups
- Journalists
- Vendors
- Constituents
- Parents
- District employees

Management Oversight is a Vital Board Responsibility

Boards Need to Know

- Are children, employees, others safe?
- Are the district's assets secure?
- Are laws and policies followed?
- Does fairness prevail?
- Are major business systems effective and efficient?

DO'S AND DON'TS

20

FOR HEALTHY BOARD RELATIONSHIPS

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Do's and Don'ts for Healthy Board Relationships

DO

1. Ask questions for better understanding
2. Listen
3. Respect the group as a corporate board
4. Uphold your oath
5. Exhibit honesty
6. Keep it in the family
7. Look for common ground for common action

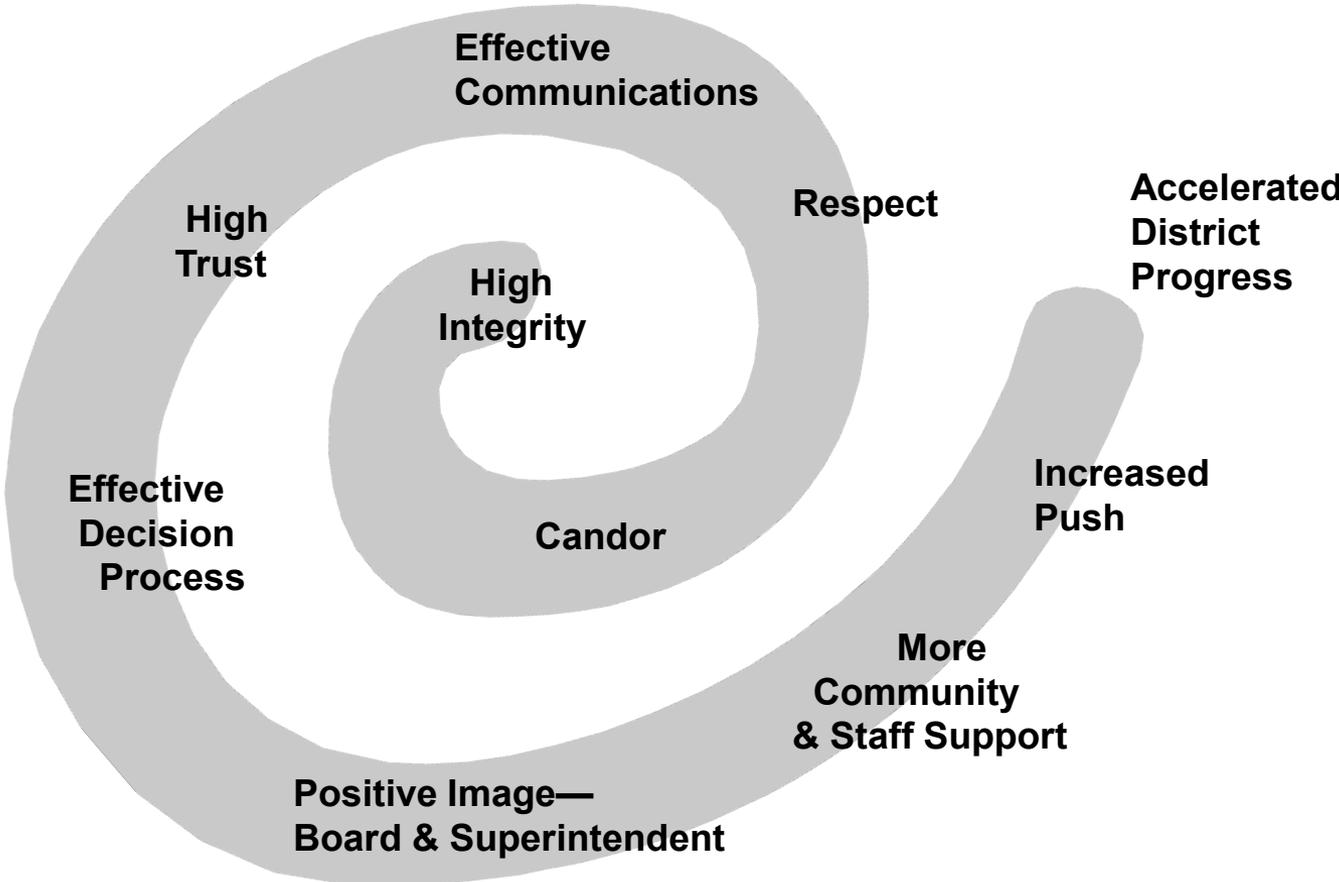
Do's and Don'ts for Healthy Board Relationships

DON'T

1. Attack a fellow member
2. Talk over one another
3. Go solo - No lone rangers
4. Personalize issues
5. Assume the worst/conspiracies
6. Play games
7. Undermine a decision of the board

Positive vs. Negative Energy

Positive (vs. Negative) Energy



NEGATIVE ENERGY

- Drag creates negative energy
- Drag slows forward movement
- Drag impacts morale, enthusiasm

PRESENCE OF DRAG

- Grandstanding
- “Gotcha’s”
- Deception
- Fabrication
- Public Disagreements
- Other?

POSITIVE ENERGY

- Moves the organization forward
- Creates a comfortable work environment
- Generates enthusiasm

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THE PRESENCE OF POSITIVE ENERGY

- Integrity
- Honesty
- Respect
- Compromise
- Consistency/predictability

BOARD/SUPERINTENDENT COMMUNICATION

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At the root of the relationship between each board member and the superintendent is

TRUST!

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BOARD/SUPERINTENDENT COMMUNICATION

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The maintenance of trust is critical – it is most often threatened or lost by

SURPRISES!

DISTINGUISHING OVERSIGHT FROM MANAGEMENT

- In general, if the board's primary concern is with the **presence and effectiveness of management systems** that direct the actions and decisions of staff, the board is probably engaged in a legitimate **oversight** activity. 31
- In general, if the board's primary concern is with the **actions or performance of an individual staff member** (other than the superintendent) or the handling of an isolated and specific incident, the board may be verging on **micromanagement**.
- Although this test does not work in all circumstances, it provides a good starting point to help the board gauge its actions.

VIDEO

BOARD AUTHORITY

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TEXAS EDUCATION CODE

Sec. 11.051.

GOVERNANCE OF INDEPENDENT SCHOOL DISTRICT; NUMBER OF TRUSTEES. (a) An independent school district is governed by a board of³⁴ trustees who, as a body corporate, shall:

- (1) oversee the management of the district; and*
- (2) ensure that the superintendent implements and monitors plans, procedures, programs, and systems to achieve appropriate, clearly defined, and desired results in the major areas of district operations.*

(a-1) Unless authorized by the board, a member of the board may not, individually, act on behalf of the board. The board of trustees may act only by majority vote of the members present at a meeting held in compliance with Chapter 551, Government Code, at which a quorum of the board is present and voting. The board shall provide the superintendent an opportunity to present at a meeting an oral or written recommendation to the board on any item that is voted on by the board at the meeting.

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GOVERNANCE-MANAGEMENT ³⁶

SCENARIOS

Scenario 1:

Board member Smith makes an appointment with the superintendent, goes to her office, sits down, and says, “Madam Superintendent, I’ve been hearing a lot of complaints from principals and parents about the performance of the area superintendent in my part of town. I really think you need to move her to another part of the district, or into central office because there is so much discontent about how this person is performing her job.”

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Scenario 2:

Board member Jones calls the superintendent one day and says, “Mr. Superintendent, I want an update on the contract negotiations that are going on right now for the sale of the Main Street property. What’s the status of offers and how are negotiations going?”

Scenario 3:

Board member Enders goes to the board president and says, “Mr. Chair, I would like to put an item on an upcoming board agenda to reconsider our district policy of not naming schools after people who are still alive. Would you please do that?”

Scenario 4:

Board member Beazley, during a regular board meeting, says: “Madam Superintendent, I have a suspicion that we are spending too much to build our new schools. What is our cost per square foot, and how does this compare with the costs for neighboring districts?”

Scenario 5:

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School board member Ketchum arrives unannounced at school one day, steps into the principal’s office and requests a tour of the building.

Scenario 6:

A board member calls up the superintendent and says, “I just had breakfast with a group of civic leaders, and there is a lot of anxiety about your upcoming recommendations to the board regarding the timing of a bond proposal. I just wanted to share this information with you and give you a heads-up, in case you haven’t heard this already in your circles.”

Scenario 7:

The Edge City School Board, operating in its judicial capacity, is meeting to hear a grievance from a teacher with a medical problem that requires her to use the bathroom often. The teacher has filed a grievance because the principal has assigned her to a classroom far away from the bathroom despite her request to be near one. At the grievance hearing, board member Shilling makes a motion to sustain the grievant and require the principal to reassign the teacher to a classroom near the bathroom. Shilling's motion is approved by the board. *(Contextual notes: State law gives principals the right to make teacher assignments. Also, the district has no policy requiring principals to take teacher's medical conditions into consideration when making placements.)*

Scenario 8:

During its regular monthly meeting, board member Smithers raises his hand and says, "Mr. Superintendent, I am very concerned about bus safety in our district. I am hearing stories about reckless driving and buses not being adequately maintained. I want to know what your perception is and what your plans are for dealing with this?"

Scenario 9:

During a board workshop, board member Smith asks the superintendent, “What do you think of our district’s policy on nepotism?”

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Scenario 10:

Board member Hazard meets with the superintendent one day and says, “I think we should consider launching a major district initiative around incentive pay for teachers. I wish you would start educating the board about this in preparation for eventual action.”

Scenario 11:

Board member Grouse is known for grilling staff during board meetings, asking them tough questions about various data and practices in their departments.

VIDEO

BOARD LEADERSHIP AND PERFORMANCE IN A CRISIS

CRITICAL ISSUES FOR MANAGEMENT

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Leaders will need to manage across a range of issues including:

- **Employee safety and wellbeing:** The immediate focus will be the safety of employees and their families in the region. Longer-term, organizations should plan for the potential impact of further inflation, especially for their lowest-paid workers.
- **Supply chain disruptions:** The Covid-19 pandemic revealed the fragility of global supply chains. Organizations will need to move quickly to understand their dependence on raw materials from the region, as well as the cascading effects of rising energy prices.

BOARD LEADERSHIP AND PERFORMANCE IN A CRISIS, **cont...**

- **Sanctions and business exposure to the region:** As the sanctions against Russia evolve, organizations will be tested by monitoring and understanding how the sanctions vary across countries. More broadly, even where business is not directly affected by sanctions, leaders will have choices to make about the risks associated with continuing to do business in the region.
- **Cybersecurity:** Organizations will need to ensure that they are well-positioned to protect their digital infrastructure. While experts believe that direct cyber attacks on companies outside Ukraine are unlikely, the risk of contagion is real. Organizations that interact with companies or institutions in Ukraine could be vulnerable to collateral damage (as happened in 2017 with the NotPetya malware attack.)

CRISIS MANAGEMENT RECOMMENDATIONS FOR BOARD LEADERS

Establish clear communication channels and a predictable communication cadence

A crisis response mandates frequent and transparent communications to all stakeholders⁴⁴. For boards in particular, the three most important communication channels are (1) between the CEO and the chairman, (2) between the CEO and the full board, and (3) between the chairman and the board. When done right, communication alleviates stress, serves as an outlet for new ideas, and enhances information flow without overburdening executive teams. Each needs a well thought out process and regular cadence. For companies significantly affected, weekly (or even more frequent) calls between the CEO and Chair will be necessary; for others, an update on impacts at the next regularly scheduled Board meeting may be sufficient. The CEO should also openly share reports on key performance indicators with the board, without feeling the need to refine or add commentary so as not to generate extra work.

CRISIS MANAGEMENT RECOMMENDATIONS FOR BOARD LEADERS, cont..

Curb – and channel – your enthusiasm

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Chairs need to manage and temper well-intentioned directors who are eager to assist management, as their involvement may overwhelm an already-crowded effort and bog down management teams with distracting requests. As one director put it, “its not helpful if too many helpful people are trying to be helpful.” Chairs in some cases may play the role of traffic cop, striking the right balance between keeping the board informed while also giving the management team clear guidance and room to operate.

CRISIS MANAGEMENT RECOMMENDATIONS FOR BOARD LEADERS, cont...

Step up, don't overstep

Under normal circumstances, the line between governance and management is usually clearly defined and understood, but in a crisis, boards are challenged with toeing an ever-moving line. The board's role should always be to support management in the right way, at the right time without trying to manage the company. In key moments, the board may have to get more involved than normal, but most of the time the most impactful role it can play is to ask the right questions and to test management's assumptions, while being careful to frame this challenge with an appreciation for and encouragement of a hard-pressed management team. Chairs who understand how to find the right balance between giving advice and asking questions, even when tensions are high, will lead a more effective board.

DON'T LOSE SIGHT OF THE LONG TERM OR INDULGE WISHFUL THINKING

Challenge the optimism of your worst-case scenario

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The board needs to push management to look at the worst-case possibility. Optimism bias is real and needs to be checked. Scenario planning by executives is often too rosy, based on the worst that has ever happened in the past, not the worst that could happen in the future. Management then needs to plan for those unprecedented scenarios and work backward to more likely events. Complacency will stifle progress. It is important to maintain momentum throughout a recovery period that may linger far longer than expected, and which may involve new risks you didn't anticipate at the start.

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DON'T LOSE SIGHT OF THE LONG TERM OR INDULGE WISHFUL THINKING, cont..

Plan for permanent changes

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Prepare to challenge management's thinking about how the crisis has fundamentally shifted business operations and which changes will permanently impact the company's strategic direction. Boards must grapple with how to adapt to a new environment and what these changes mean for legacy businesses and even cultural behavior that may have been long protected. Consider which aspects of the business should remain the same, which will briefly change, and which have been permanently disrupted – including consumer behaviors, public expectations, supply chains, and operating models. Boards should also ensure that management establishes mechanisms that capture enduring lessons from this crisis to help make the organization more robust going forward.

DON'T LOSE SIGHT OF THE LONG TERM OR INDULGE WISHFUL THINKING, cont..

Elevate the post-recovery narrative

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While a crisis rightly drives an emphasis on solving urgent problems, is equally critical for the board to maintain a forward-looking agenda and keep focused on the long term. The board is most impactful when serving as a thought-partner to management, reminding them of the importance of staying close to key customers and clients, and helping them think through what the business and customer franchise ought to be going forward. Prioritize discussions that contribute to the company's recovery narrative , seize opportunities to better meet stakeholder needs, and remind executives that putting people before profit typically pays off in the end.

**DON'T LOSE SIGHT OF THE LONG TERM OR INDULGE
WISHFUL THINKING, cont..**

Avoid prematurely assuming the crisis is over 50

Even if it appears that the waters have calmed, the crisis is likely not over. It is important that neither directors nor executives get a false sense of security as soon as indicators start pointing in the right direction. There are often aftershocks to a crisis, key companies that fail to recover along with the rest of an industry, and customers who permanently change their behavior. Directors need to keep everyone focused on performance and outcomes throughout and long after the crisis appears to be over.

DO NOT NEGLECT CULTURE, BEHAVIORS AND LEADERSHIP

Live your values and set the tone

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Boards will be defined by how well they set the organizational tone during the crisis, and how well they model that tone themselves. Embodying aspirational values will inspire others and instill confidence in the company. Boards that act fast to reinforce a strong, compassionate, and positive culture with both internal and external stakeholders stand to benefit the most post-crisis. Additionally, it is important to remember that a board living the company's values will help set the tone for corporate culture. Employees, customers, and communities will make judgments based in part on how the board behaves.

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DO NOT NEGLECT CULTURE, BEHAVIORS AND LEADERSHIP, cont...

Closely manage and monitor board culture and behaviors

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Crises and stress inevitably amplify behaviors for better and worse. Directors are tested in new ways, and their engagement with each other sets the tone for how effective the board will be. In particular, chairs need to step up their efforts to ensure the board's culture and behaviors create the right atmosphere to guide and advise the management team. While they must manage their own tendencies, chairs should also pay attention to how other directors perform when times are tough. Who is demonstrating courage, poise, independence, and integrity? This moment will reveal the strength of the board's roster.

DO NOT NEGLECT CULTURE, BEHAVIORS AND LEADERSHIP, cont...

Take note of what this moment reveals about leadership teams and succession pipelines

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During times of tremendous pressure, the board will see which executive leaders rise to meet new challenges and inspire confidence – and which do not. Take note of what this reveals about the management team and, as critically, what it says about the internal succession pipeline. Look at the experience that was missing from the team, as well as the behaviors and leadership qualities that were or were not displayed. During a crisis, board have a unique opportunity to sharpen their understanding of who their leaders truly are, and how they should adjust both short and long-term succession plans.

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S

Define what you need in a CEO

Great CEO succession starts with a success profile – a documented view of what or organization needs in its next CEO. While it is difficult to predict the critical requirements for our next CEO five or six years in advance, a success profile will help you think about future needs systematically and align the board early in the process.

The board is solely responsible for appointing the CEO, so members need to discuss the success profile in detail. Unless the board defines and aligns to a robust success profile, you will be flying blind as you develop and chose your next CEO.

This starts with the organizational strategy. What are your organization's long-term ambitions? What is the trajectory of the wider market and society? How will changes force your strategy to evolve in the next few years.

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S, cont...

Define what you need in a CEO

With the board aligned around this long-term strategic view, you can debate the actions⁵⁵ your next CEO will need to take to deliver on the strategy. Clearly defining these expected deliverables will let you think about the critical experiences the candidates will need to have if they are to be successful. Only then will you be able to define the skills – functional, leadership, and personal – your next CEO will need.

Together, the strategy, actions, experiences, and skills form your success profile. But it should not be a static document – imagining the future is imprecise, and development and assessment evolve continuously, so it is critical to revisit and refresh your success profile regularly.

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S

Assess the potential of internal candidates

Once you have defined what you want from your next CEO, you should assess your current leaders⁵⁶ to understand who has the potential to meet those needs, and what they will need to develop.

When assessing against your success profile, you should include interviews with multiple experts, psychometric tests, and 360-degree feedback to measure six criteria:

1. Intellect, problem-solving, and systems thinking
2. Ability to work well with ambiguity and conflict
3. Ability to learn continuously
4. Drive to excel at an extremely high level
5. Emotional intelligence and ability to influence others
6. Leadership versatility

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S, cont...

Assess the potential of internal candidates

The goal is to produce a list of potential internal candidates to work with, and tailored⁵⁷ development plans for each to steer them in the right direction.

To be most effective, it is best to run this assessment early. By doing it four or five years before changing CEOs, you will leave enough time for real candidate development. It also leaves enough time to recruit, integrate and develop talent if you find you need to bring in new leaders, such as if you don't currently have anyone with CEO potential or lack a diverse pool of candidates.

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S, cont...

Assess the readiness of your potential CEOs

When it comes time for a change, the board has sole responsibility for choosing the next⁵⁸ CEO. It is a decision that will define the legacy of our organization, with the potential to drive growth for years to come or stifle every aspect of the business.

Making the right choice requires understanding more than a candidate's potential – you need to understand their readiness.

You will want to prove whether candidates have the skills and experiences needed to tackle the company's priorities and deliver the strategy. You will want to confirm they have the traits most associated with successful CEOs, and you will want to probe their cognitive and decision-making abilities.

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S, cont...

Assess the readiness of your potential CEOs

By asking the candidate to step into the role of CEO in a realistic scenario, you see how⁵⁹ they would perform in the real world. This is particularly useful in uncovering how your candidate:

- Develops a strategy
- Oversees strategy delivery
- Nurtures culture
- Leads through values and purpose
- Responds to challenging people
- Motivates and builds followership
- Attracts and retains top senior talent

HOW BOARD CAN ASSESS THE POTENTIAL AND READINESS OF FUTURE CEO'S, cont...

CEO succession planning should be constant for boards

There is no doubt that choosing a new CEO is the biggest decision a board will make⁶⁰. To ensure such a change runs as smoothly as possible, CEO succession planning should be a continuous process that ensures you are developing a group of high-potential leaders.

By starting with an unclouded vision of the skills and characteristics your next CEO will need, you will be able to find candidates early and nurture them to maximize their success. And by keeping that vision in mind as you practically assess those candidates, when the time for change comes, you will find the right CEO to drive value for all stakeholders.

MAKE IT COUNT: BOARD EFFECTIVENESS EXERCISES RE-EXAMINED

Board evaluation exercises are too often seen as a routine compliance process. When done right, however, there is much more to be gained from board assessments that can create real long-term value for the company.

Some behaviors critical for success include.

1. Prepared and engaged. Comes prepared, is fully present at meetings and seeks to add value.
2. Current and open. Stays abreast of industry and company developments, is open to new ideas, processes and ways to solve problems.
3. Builds trust and respect. Is able to earn the trust and respect of fellow directors.
4. External stakeholder savvy. Understands external stakeholder perspectives and concerns as well as how to think about maximizing shareholder returns.

MAKE IT COUNT:
BOARD EFFECTIVENESS EXERCISES RE-EXAMINED, cont...

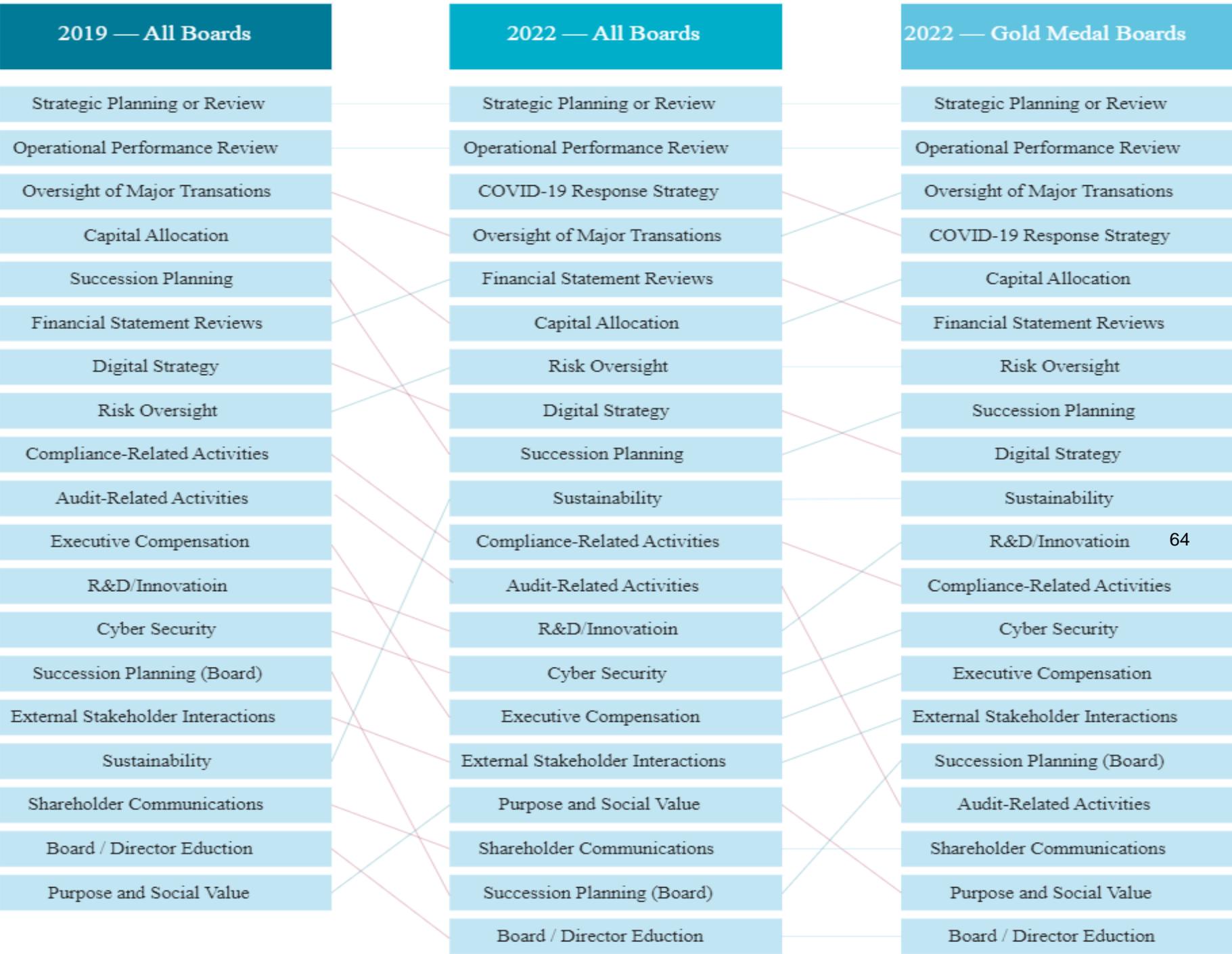
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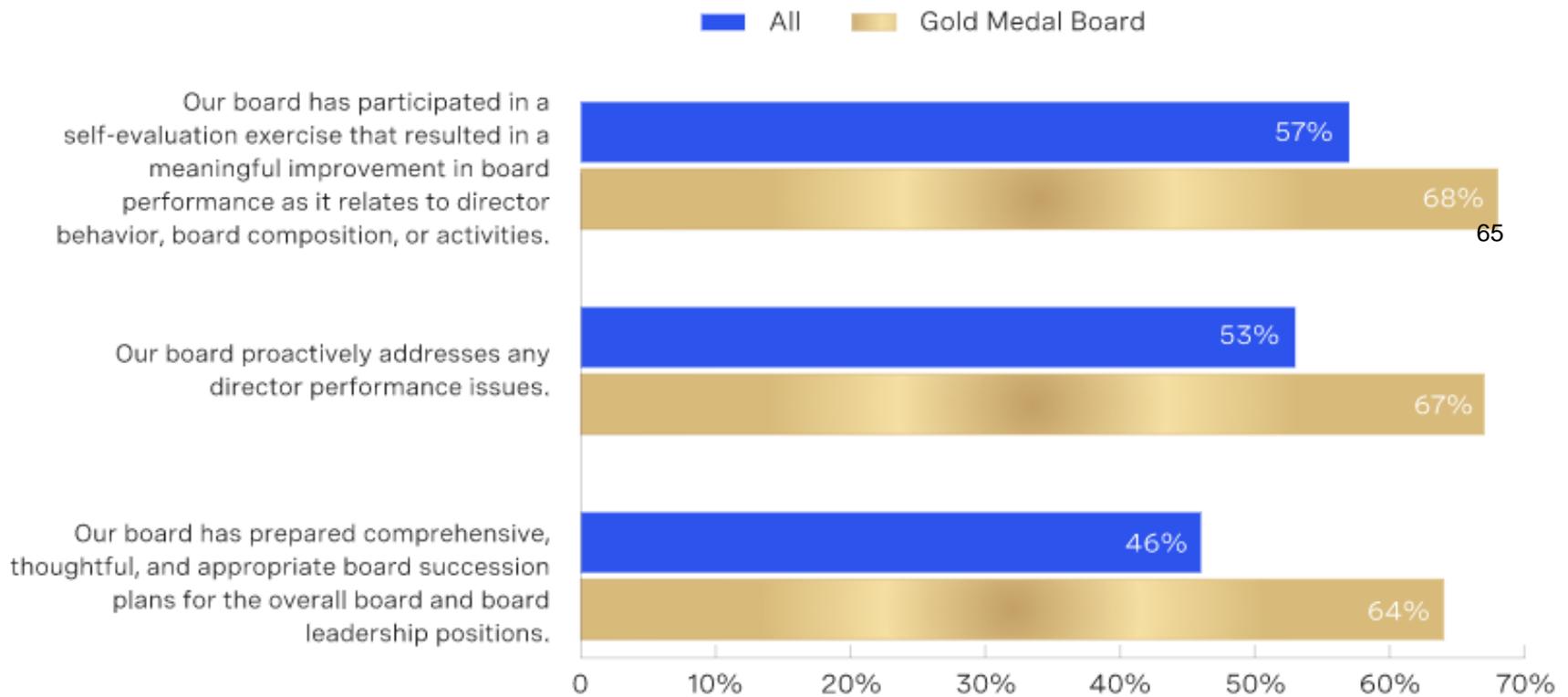
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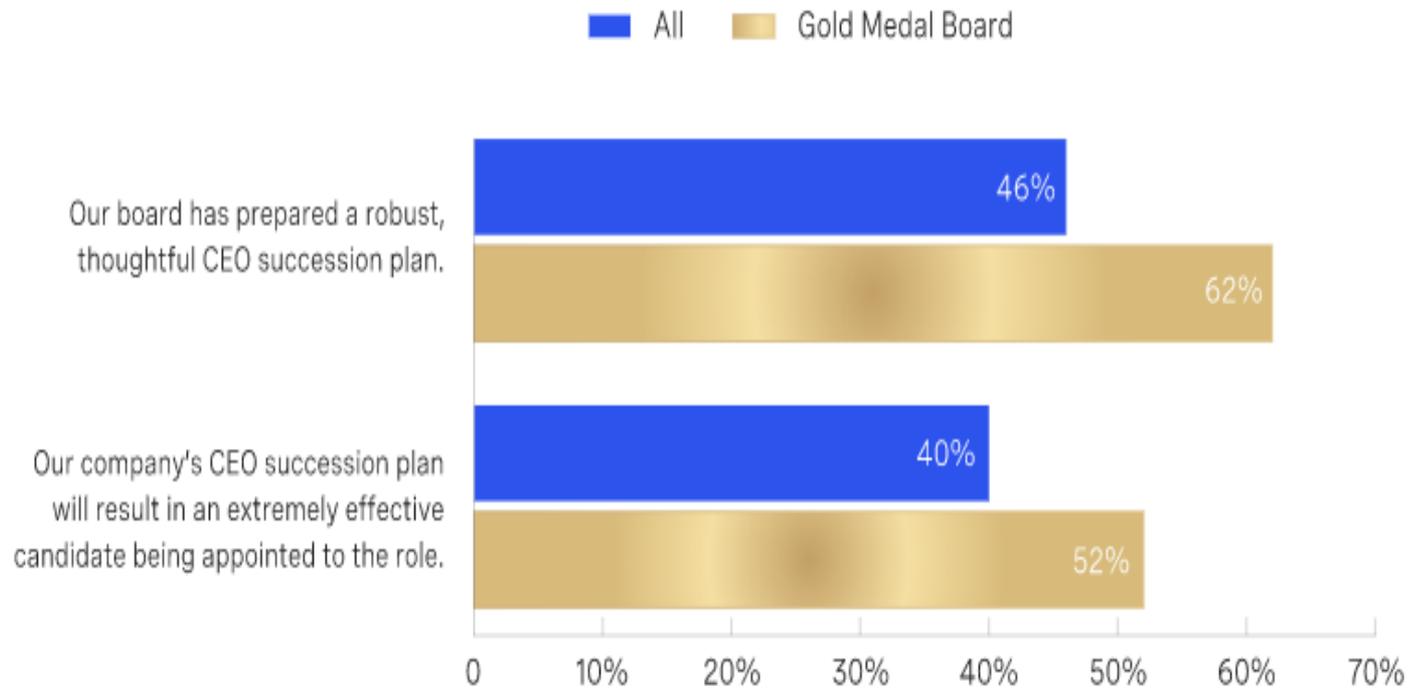
Aside from regulations and listing requirements, the fundamental reason for board assessments is self-improvement. Directors, in discharging their fiduciary duty to act and think in the best interests of the company, need to ensure that the board they serve is best that it can be.

FOCUSING ON THE FUTURE:
HOW GOLD MEDAL BOARDS
PRIORITIZE THEIR TIME

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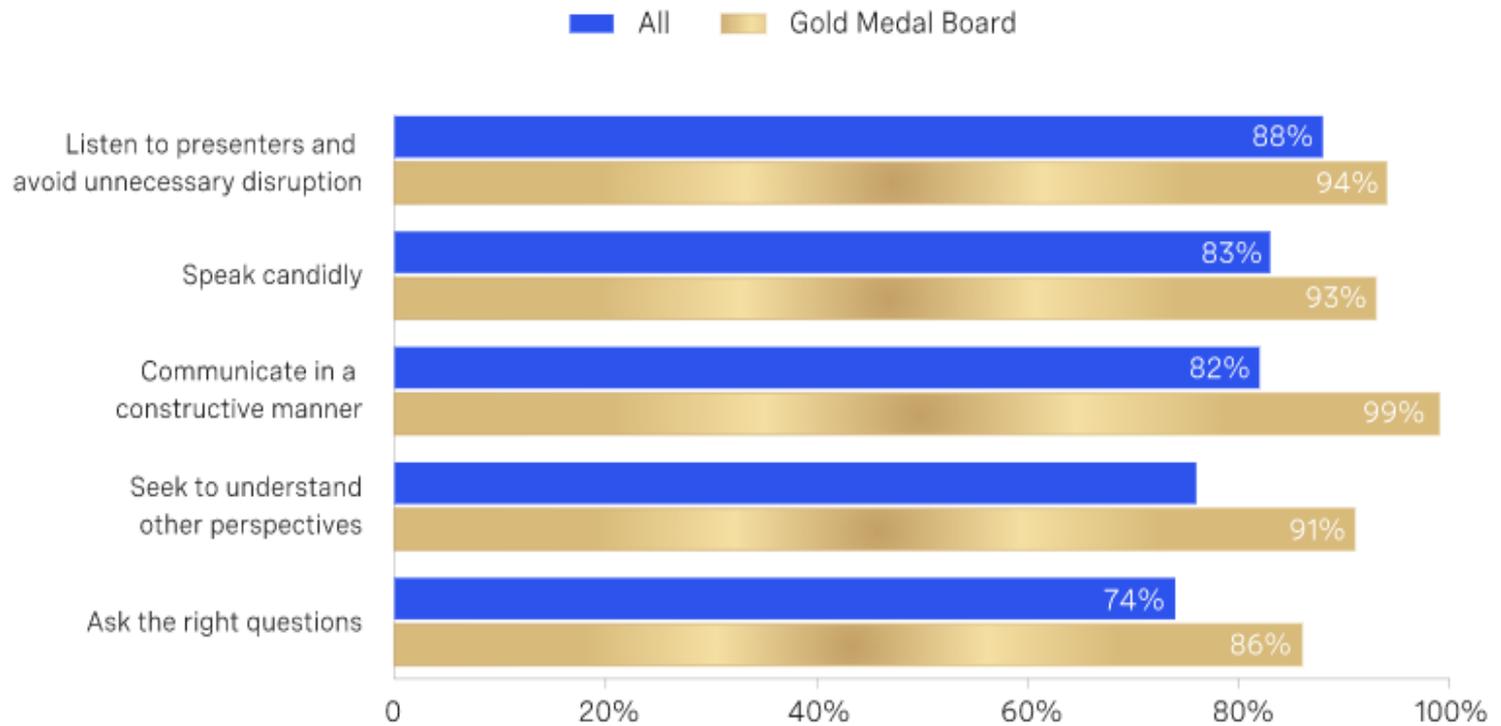
HIGH PERFORMANCE: THE HIGH IMPACT BEHAVIORS OF THE MOST EFFECTIVE DIRECTORS

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Every three years, Russell Reynolds Associates surveys a global group of board directors, asking them about their board, their fellow directors, how they spend their time, and what topics they focus on the most. Over 1,100 directors participated. This information is used in assessing directors, recruiting and evaluating board leaders and board effectiveness.

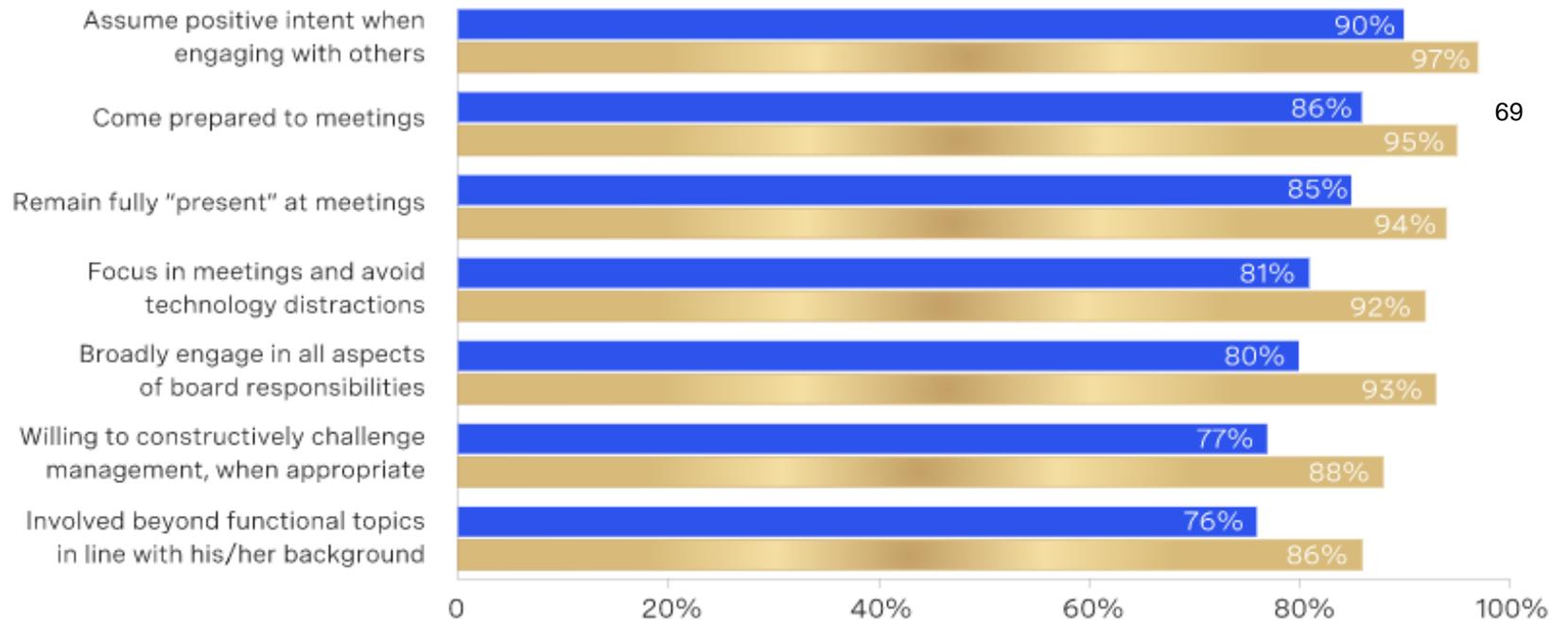
As Peter Drucker said, “culture eats strategy for lunch.” This is true in the best boardrooms as well.

Director Communication

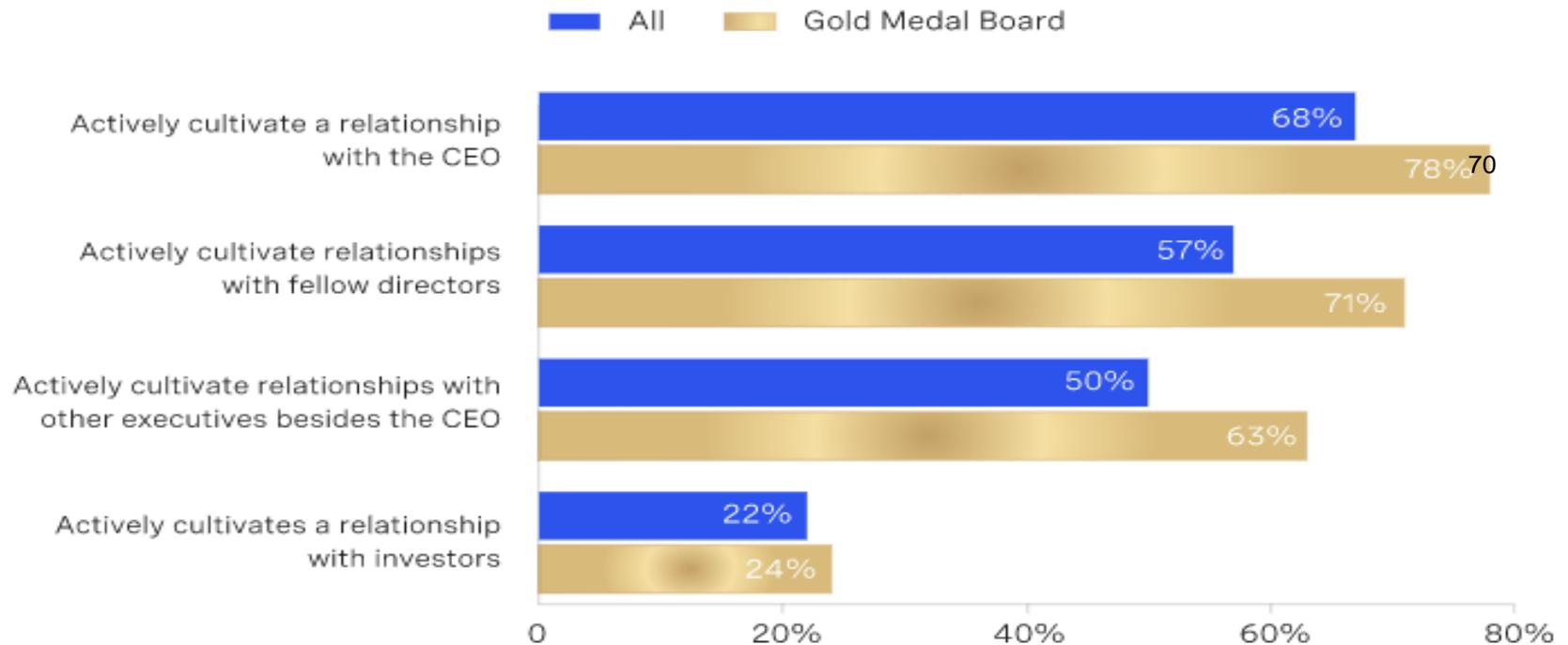


Director Engagement

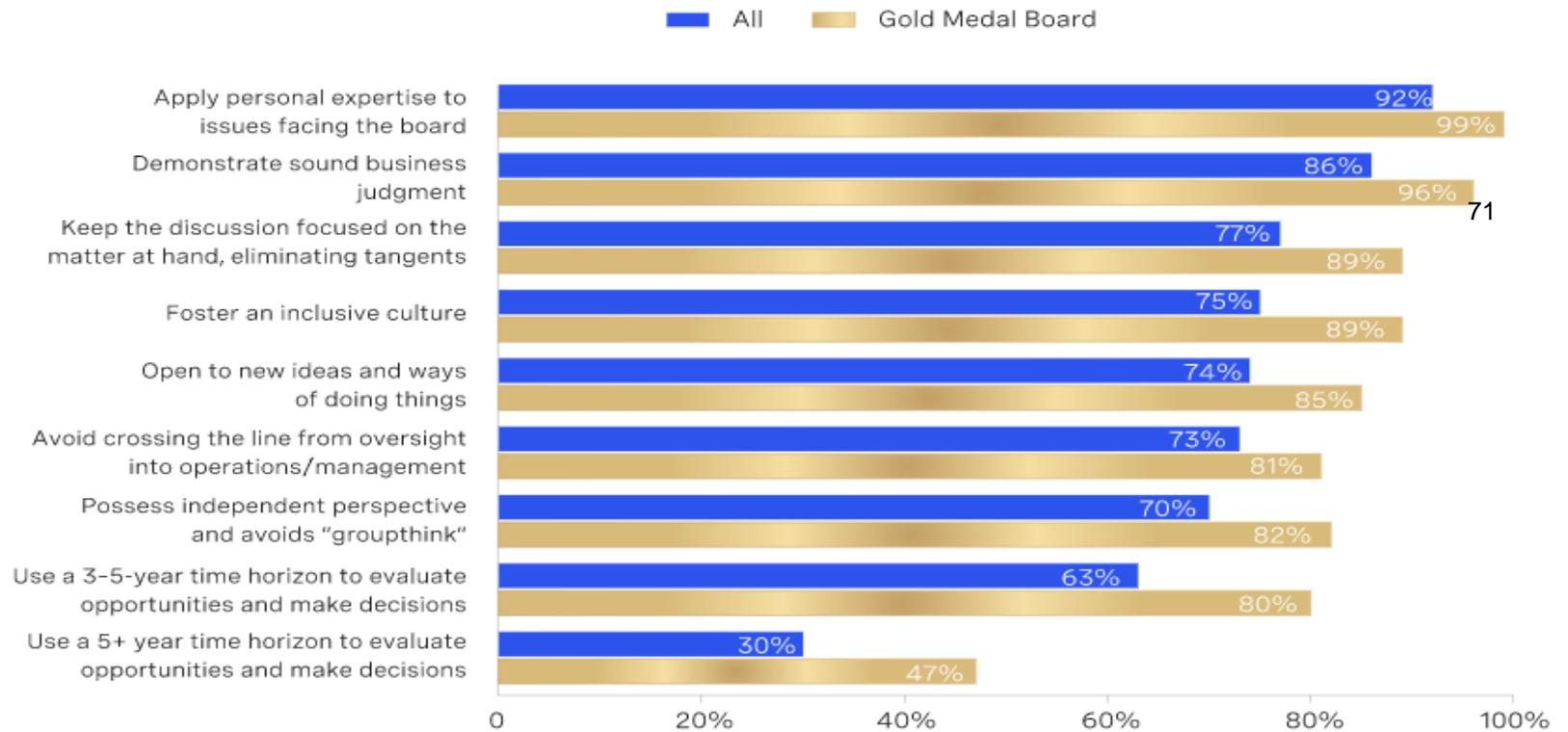
■ All ■ Gold Medal Board



Director Relationship Building

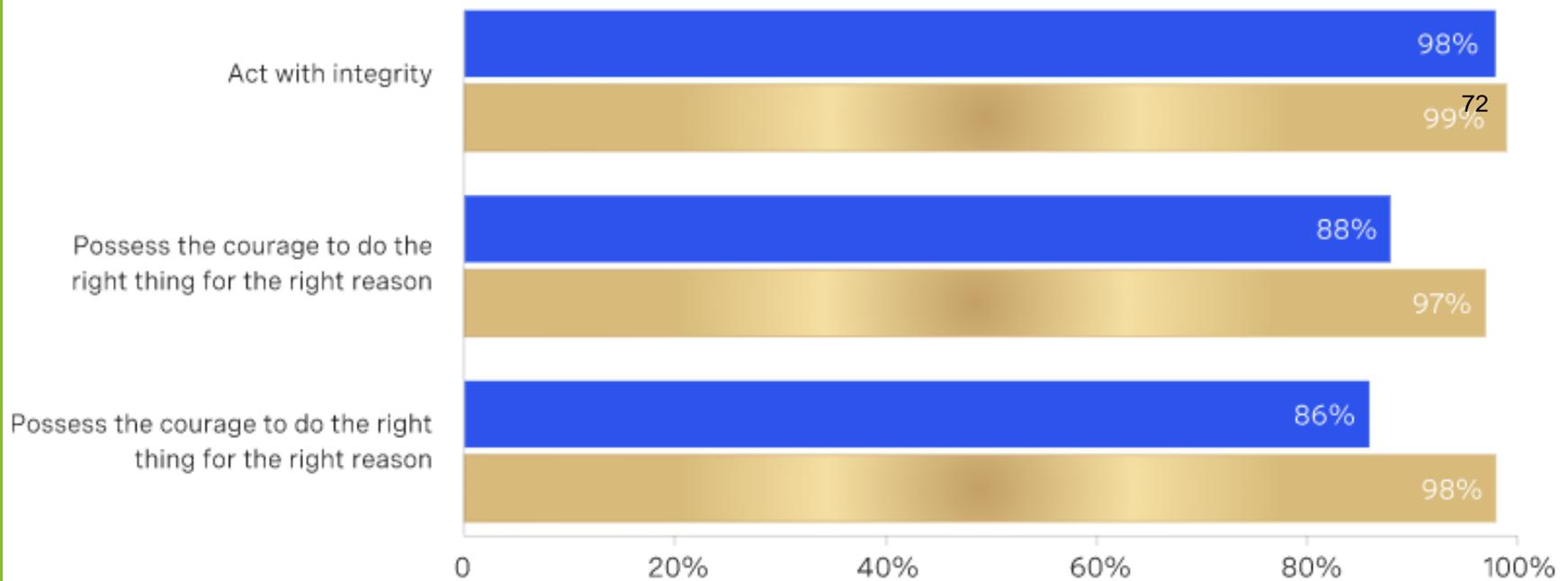


Director Perspective



Director Character

■ All ■ Gold Medal Board



HOW ORGANIZATIONS ATTRACT AND DEVELOP THIS NEW BREED OF LEADER

- **Develop social skills in up-and-coming leaders** – Traditionally, organizations cultivated future leaders by rotating them through critical departments and functions, posting them to various geographic locations, and putting them through executive development programs. In this environment, social skills mattered – the ability to quickly form constructive relationships with the new colleagues, customers, regulators, and suppliers affected performance. But such skills were a means to achieving operational goals, so there was rarely explicit, systematic, and objective evaluation and development of them. In executive development programs today, organizations need to define ways to evaluate and develop social skills, and even prioritize them over the “hard” skills the currently favor. One way to do this is to put high-potential leaders in positions where they need to interact with various internal and external stakeholders, and closely watch how they perform.

HOW ORGANIZATIONS ATTRACT AND DEVELOP THIS NEW BREED OF LEADER, cont...

- Assess the social skills of candidates – Historic assessment criteria for candidates, such as work history, technical qualifications, and career trajectory, do not tell you a lot about social skills. So, organizations will need innovative approaches to candidate assessment. In a technology-driven world with more engaged and empowered stakeholders, the need for leaders to have outstanding social skills is clear. The good news is, organizations are already looking for such leaders, although it is likely to be a subconscious shift. Going forward, the question will be whether companies can actively develop and hire this new breed of leader. The answer will largely depend on whether they choose to effectively evaluate the social skills of candidates, and whether they make the cultivation of social skills integral to their talent-management strategies.