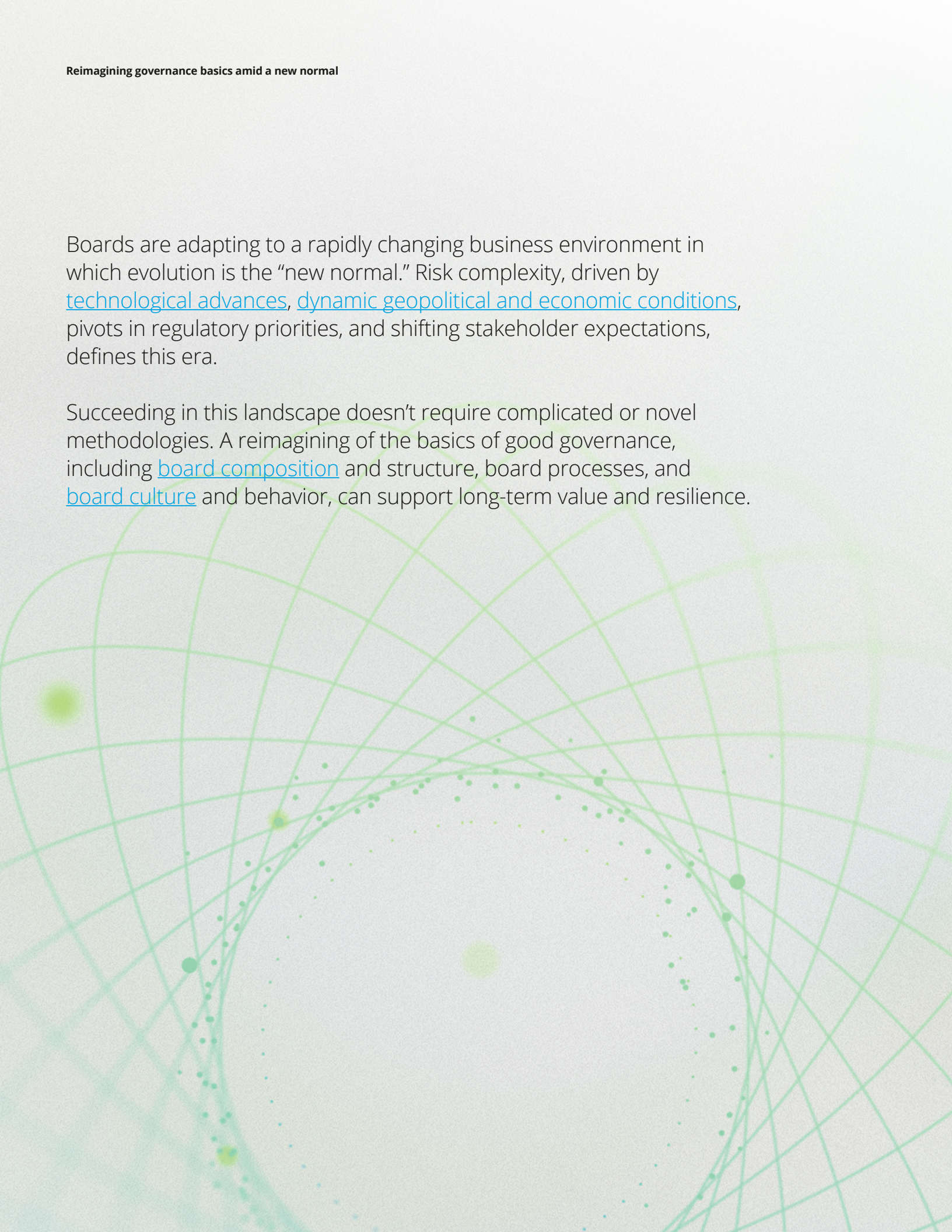
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Reimagining *governance basics* amid a new normal

Boards are adapting to a rapidly changing business environment in which evolution is the "new normal." Risk complexity, driven by technological advances, dynamic geopolitical and economic conditions, pivots in regulatory priorities, and shifting stakeholder expectations, defines this era.

Succeeding in this landscape doesn't require complicated or novel methodologies. A reimagining of the basics of good governance, including board composition and structure, board processes, and board culture and behavior, can support long-term value and resilience.



Composition and structure

To help anchor effectiveness, boards should review the following:

Composition and refreshment.
Routinely assess whether the board skills matrix reflects the company's current needs. For some boards, updating refreshment and recruitment approaches can enhance oversight of the company's strategy.

Structure.
Revisit committee organization alignment with the company's strategic priorities and risks. Periodic charter reviews can help ensure new challenges and responsibilities are allocated appropriately.

Processes

The volume of decision-making inputs that boards are navigating underscores the need for strategic agendas and reliable, relevant data. To streamline information gathering and distribution, directors should consider optimizing the following items:

Pre-reads.
Collaborating with management to calibrate pre-reads can help focus board attention where it matters most. Productive pre-reads often include the appropriate amount of detail to enable effective oversight, use a consistent structure across sections, leverage executive summaries to highlight the most critical information, and clearly define the purpose and relevancy for the board (i.e., what requires a decision versus what requires review).

Reported data.
Each company decides how risk and success are best measured and demonstrated, and determines what thresholds or events require real-time board involvement. Regularly assessing dashboards that show trends in key performance indicators and triggers that require immediate board attention can cultivate effective board decision-making.

Agendas.
Meeting agendas should be continually evaluated. The most important topics should be prioritized and have a clear connection to long-term objectives. Some topics may be included only as a pre-read or on a consent agenda to allow for more strategic discussions. Consider flexibility to accommodate new and emerging topics and deep dives from experts on critical and evolving risks.

The board-management relationship.
Frequent touchpoints between the board and management can deepen relationships and foster transparent discussions in the boardroom.

Culture

A high-impact board consistently raises its standards, welcomes a range of perspectives, and invests in the growth of its members. Reviewing the following elements of board culture can help directors withstand the changing business environment:

Ongoing improvement.
Board and director assessments can be one of the most effective means of reviewing board member performance. It is not enough to simply conduct the assessment; the board should also reflect on the results and take concrete steps to implement recommendations for improvement.

Continuous learning.
The fluidity of the environment has challenged boards to stay up to date on trends and leading practices. Scheduling intentional board education and sup¬porting directors as they pursue training on their own can help reinforce directors' ownership of their development.

Constructive tension.
Healthy tension allows for respectful challenges and debates between the board and management and among directors, and it can promote more effective decision-making. Board chairs can foster a dynamic where debate and dialogue are valued by setting clear expectations for candid discussion, modeling respectful engagement amid differing opinions, and soliciting input from quieter or newer members.

Recommitting to these fundamentals can help boards turn core principles into tools for navigating volatility and thriving amid uncertainty.

Authors



Maureen Bujno
Managing Director
Deloitte & Touche LLP
mbujno@deloitte.com



Natalie Cooper
Senior Manager
Deloitte LLP
natcooper@deloitte.com



Amy D'Avella
Manager
Deloitte & Touche LLP
adavella@deloitte.com

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