

# The Governance Curve™

Leveling Up Your Board: A New Way to Think About Board Success

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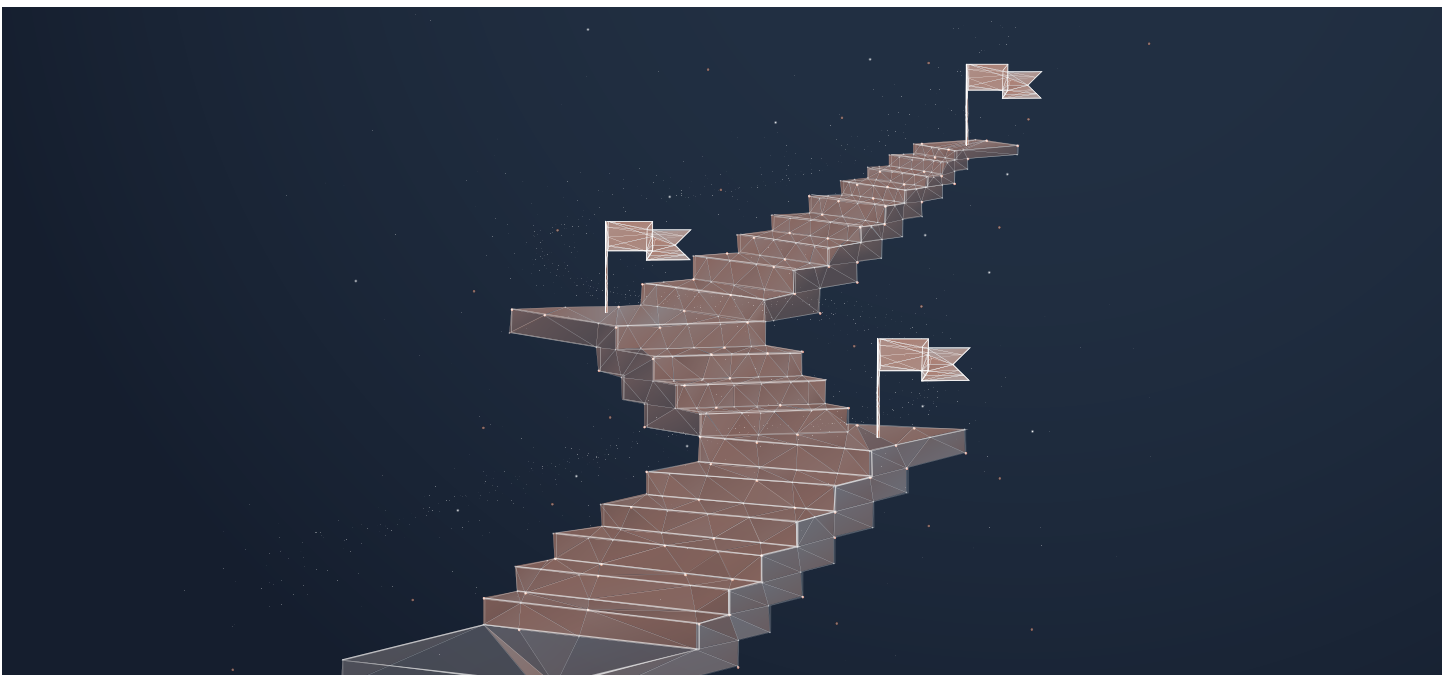
## Introduction

Board work today is decidedly fascinating. It opens the door to adding significant value to an organization, yet is fraught with risk. And let's face it, there is no playbook. We all know that getting it right can mean an enormous pay-off, while getting it wrong can prove tremendously costly. With so much at stake, it's time all boards had a roadmap to success.

No one doubts that boards are overwhelmingly committed to doing the right thing and pushing themselves toward excellence. What can be difficult, though, is identifying what success looks like and how to get there.

Boardspan was founded specifically to help boards succeed, so we are sharing what we know to be the surest path to achieving board excellence through a new framework: The Governance Curve™.

The Governance Curve™ will make intuitive sense to board members who understand that the greatest value you can create or unleash comes from tackling the most complex issues. Much like finance is based on the “high risk, high reward” postulate, governance contributions can be summarized as “high complexity, high value creation”.



## Strategy as the End Goal

A board's highest contribution is usually tied to strategy: identifying transformational opportunities, pushing for innovation, and planning appropriately for disruption.

Whether a business is considering entering a new market, repositioning a major offering or pursuing acquisitions, the board can play an invaluable role as a thought partner to management and steward for all constituents.



However, a board's biggest impediment to helping the organization with strategy comes from not being ready to take on the weighty topics. So, as we think about the pathway to board success, let's consider time spent on strategy as the end goal. Strategy is where the board can make its biggest difference and how it achieves maximum impact.

It may not be intuitive that boards have to cut a path to being strategic. Consider challenging issues like DEI and Risk, though. If left unaddressed, they could be blockers to taking on even longer-term topics.

At a more foundational level, if the board doesn't have the right people around the table, isn't fully informed on key issues, or isn't fulfilling its basic oversight responsibilities, no amount of time spent on strategy will help. So, to get to the high-value strategic work where a board makes its most significant contributions, you must first make sure that the precursor expectations are fulfilled.

## Introducing: The Governance Curve™

Using Boardspan's governance domain expertise and our deep knowledge of how boards work well together, we've created a roadmap for board success. At its core, The Governance Curve™ measures the complexities or challenges that a board faces relative to the value or the contribution that stakeholders receive. Understanding this relationship, and having a game plan to master it, will help boards maximize their contributions.

## The Roadmap Your Board Needs

Providing your board with a roadmap will expedite the journey to strategy. The Governance Curve™ helps identify governance landmarks, visualize the path forward, and prepare the board to engage on strategy.

The Governance Curve™ defines three main levels of board activity:

- **Foundational Level:** Taking care of core responsibilities
- **Intentional Level:** Making higher-order contributions to the organization
- **Breakthrough Level:** Driving big-impact, game-changing strategic shifts

### 1. Foundational: Table Stakes Topics

At the Foundational Level, your board's most important task is to provide oversight. Keeping a watchful eye on what's going on and ensuring that policies are set and adhered to is essential. Success at this level requires a commitment of accountability. It doesn't matter who is on point from the management team, what decisions were made, or the reasoning behind them. The board must be the ultimate accountable party, accepting responsibility for actions as well as outcomes.

Oversight and accountability are significantly enhanced when your board undertakes three key actions.

- i. The first is to maintain a clear definition of your board's responsibilities: What is expected of your board and what is its role in the organization?
- ii. The second is to determine your board's optimal composition. In other words, the board must be deliberate about who sits around the table, what skills, experiences, and perspectives board members bring, and how their backgrounds contribute to the success of the organization.
- iii. Once you have the right people in place, and they know what their job is, you must rely on a third key action: empowering yourselves with information. Make sure you know what data should be available to the board, what insights will help members do a better job for the organization, and what resources will make you better board members.

## *The Collaboration Effect: Fostering a Board Culture that Enables Success*

Notably, these three elements that enable oversight and accountability also influence a board's collaborative nature. Collaboration is a reflection of the board's alignment and its culture, two hallmarks of the highest performing boards. While alignment and culture undoubtedly evolve over time, boards that pay keen attention to these key qualities are well poised for continued growth and maximum effectiveness.

## 2. Intentional: Value Enhancing Topics

With a strong foundation in place, your board is considerably better prepared to undertake higher-value work and help the organization push through some of its biggest challenges. At the Intentional Level, members are thinking longer-term, ensuring management is provided with objective and constructive guidance, and that the organization has appropriate leadership for the future. By staying on top of the issues, being mindful of its constituents' needs, and adopting a forward-thinking perspective, a board gains confidence and can lean into increasingly complex issues. These include board-level risk oversight; contributions to talent planning; specific environmental, social and governance initiatives that fall under the ESG umbrella; and more.

At this level, your board may find itself laying fresh tracks as it addresses dynamic and evolving issues that wouldn't have been on its radar in a previous era. Often a board working at this level will recognize a need for new expertise on the board above and beyond the core skills needed at the Foundational Level (think: talent planning/HR, supply chain management, or cybersecurity, for example). This level may also invest in education for current members, seek guidance from outside experts, and look at the organization in the context of a broader peer group.

It is not unusual for a board widening its scope in this way to rethink committee structure, too; it might assign new responsibilities to an existing committee or add a new committee altogether. Boards that have undertaken these value-enhancing activities move with confidence and conviction, assured in their role as stewards and are well prepared to undertake strategic initiatives.

## 3. Breakthrough: Maximum Strategic Impact

***Planning and strategy  
are empowered through  
forward-thinking actions***

Having cleared the prior hurdles, your board's value continues to increase exponentially as it collaborates with management to work through strategic possibilities, engage in regenerative thinking, and push for new avenues of innovation and positive disruption. The Breakthrough Level is where a board

performs its most meaningful work, namely supporting strategic plans and actions designed to accomplish goals and deliver aspirational results.

Working at this level creates opportunity for the board to deliver high-impact breakthroughs that can result in strategic shifts, business pivots, lucrative exits and other dynamic actions that ultimately benefit multiple stakeholders.

Recall, the basis for your strategic work will have been enabled by the Foundational work, and the resulting collaborative style that develops through board alignment and strong culture. Further, the knowledge gained at the Intentional Level — be it around Risk, ESG, talent, succession planning, or other activities — also lays the groundwork for your strategic contributions.

With this knowledge and shared experience, your board can undertake a deep dive into what drives your business, how your customers and markets are evolving, what to expect in your changing workforce, how your competitors might respond, your capital and other financial needs, and many other strategic imperatives. The value from these conversations is almost limitless.

## A Note About Infrastructure: Underlying Support for Competent Governance

It goes without saying that for boards to perform even the most basic functions, a bit of infrastructure needs to be in place. Underlying the three consequential levels of board activity are must-haves, like up-to-date bylaws, appropriate committee structure, and agreed-upon procedures and mechanisms for meetings, information sharing, and voting.

These are the largely invisible pipes and ducts of board work — essential, but not an area of focus, unless they are missing or in need of an upgrade. A board secretary is your go-to person to get infrastructure in place.

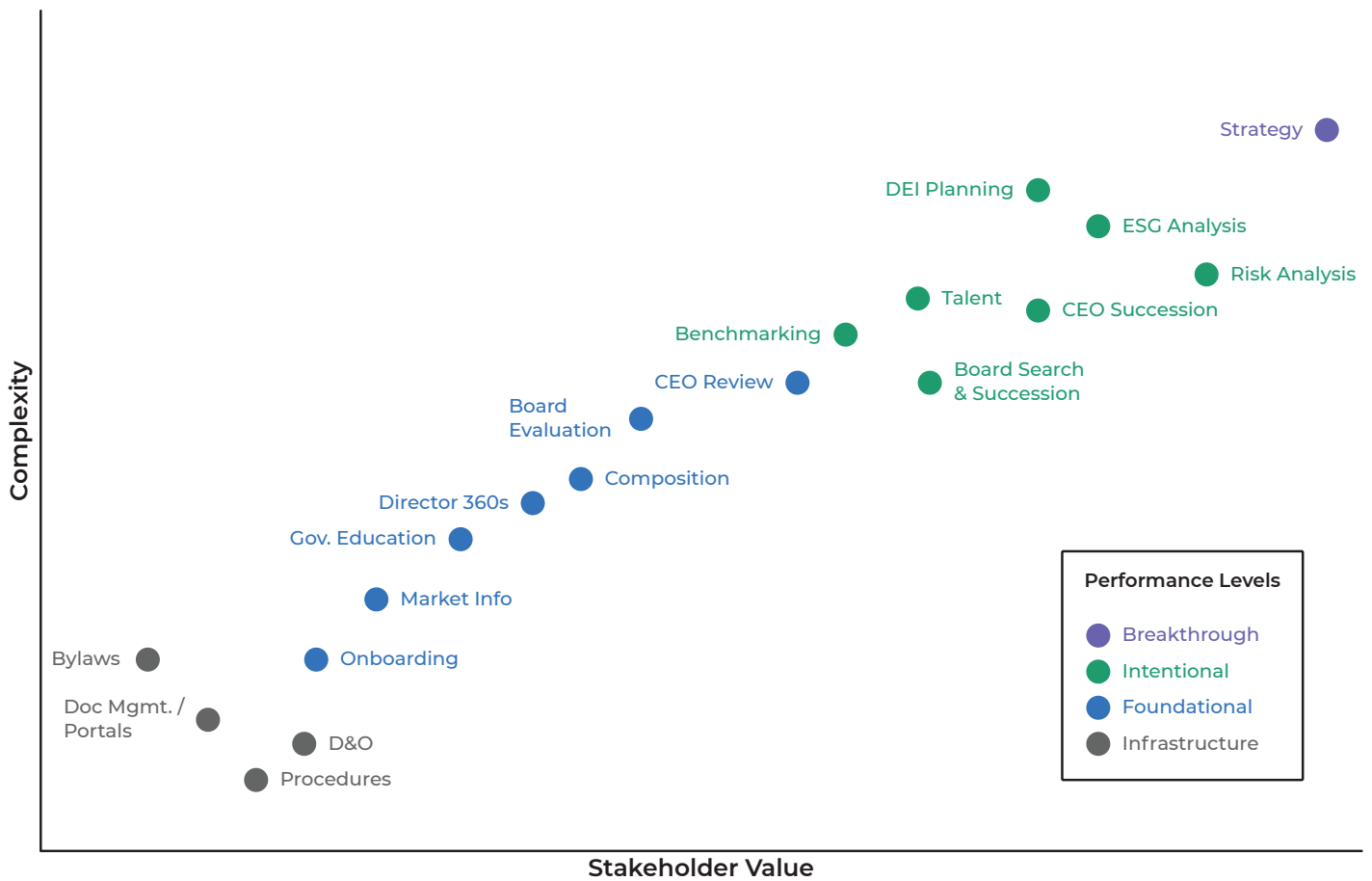


## The New Framework for Board Performance

Putting it all together, we see how each level of board activity layers atop the next, creating a path that leads your board to having greater impact. Addressing the needs at the lower levels enables a board to focus on the higher levels, taking on more complex issues and adding more value for all to benefit.

As simple as it sounds, The Governance Curve™ frames the challenges that your board faces relative to the contribution you can deliver to constituents. Understanding this relationship and having a game plan to master it will help your board maximize its value and success.

### The Governance Curve™





## Putting The Governance Curve™ to Work for Your Board

So, how do you take The Governance Curve™ and make it real? What does it mean for your board? Where does a board begin to implement this new framework?

For starters, do an analysis of what actions your board undertakes at each level. Check to make sure your infrastructure is in place so that you can put that housekeeping to rest. Then, review your Foundational activities:

Do you have the access to information that your board needs? Are you conducting comprehensive, objective assessments? Are you prepared to go the next step?

From there, build in opportunities to add more significant contribution by benchmarking your board's performance, providing your CEO with a 360 review, and tackling the more challenging and higher-order tasks such as succession planning, risk analysis, as well as DEI and ESG awareness. Doing this work allows your board to reach the ultimate Breakthrough Level where you can have the greatest impact in the form of strategic value.

***The ability to work at an ultra-high value level is only enabled by moving up The Governance Curve™***

The ability to work at this ultra-high level — whether it is strategy, disruption, or innovation — is truly empowered and enabled by moving up The Governance Curve™. Follow it and you will be on a definitive path where your board can contribute the most.

### ***About Boardspan***

*Boardspan is the leading provider of digital governance solutions for boards across all sectors. Our cloud-based assessments, dashboards, benchmarking analytics and governance education programs complement our board search and advisory services to deliver a holistic approach to governance. Boards of all sizes and stages rely on Boardspan to deliver analytics, insights and outcomes that improve their effectiveness and performance. Clients include KKR, The Kellogg Foundation, Ingersoll Rand, Farfetch, McAfee, Beyond Meat, Box, e.l.f. Beauty, Satellite Healthcare, and the U.S. Olympic & Paralympic Committee.*



Let us help you advance up  
**The Governance Curve™**

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