7 TOOLS OF AN EFFECTIVE BOARD MEMBER

HOW TO GET ON THE BOARD

...AND BE A FANTASTIC DIRECTOR

MUSTAPHA BERNABAS MUGISA

“Corporate Governance and its interplay in the Boardroom is what this book attempts, successfully, to simplify. The responsibilities and roles of a member of any board, large or small, could not be any easier or more straightforward. If you are looking to making a mark as a Board member who adds value to the organization that you oversee as Board member, the *7 Tools of an Effective Board Member* book, is excellent tutelage!

—Geoffrey Kihuguru, Chairman, Board of Directors, Citibank Uganda Limited

“This book matter-of-factly lays out the opportunity and challenge of appointment as a board member and gives a very useful and practical deep dive on how to be effective in a board position. I particularly recommend this book to all aspiring and new board members, as well as those that are life-long learners, which we all ought to be!”

—David Mutabanura, Executive Director, Cavendish University Uganda

The *7 Tools of an Effective Board Member* book provides the much-needed insight into what is required and happens at the Board. It is a must-read for all those aspiring to promote good board practices.

— Haruna Musinguzi, Finance Director, Uganda Communications Commission

"This book is exceptionally timely. It fills the gap on the market – African board members' guide by an African, much as the 7 Tools can be applied in any setting globally. It is a riveting quick to read book. I highly recommend it for board members, CEOs, and anyone aspiring to serve on a board."

—Dr. Miriam O. Laker-Oketta, Clinical Research Scientist, Infectious Diseases Institute, Makerere University College of Health Sciences

"*7 Tools of an Effective Board Member* is a vital instrument for any person who wants to learn about the operations of the Board and also a masterpiece for all of us who strive for a stellar Board. This book is a timely addition to corporate governance discourse from my experience as a student of Law, in my professional life as an Advocate, and as a person who has served on the Board as a member, as well as, Board Secretary.

— Anthony Arinaitwe, Advocate of the High Court of Uganda, Kampala.

"The *7 Tools of an Effective Board Member* is quite enlightening on the process of a board obtaining the high standard of corporate governance. I would recommend this book for institutions that are setting up linkages with their subsidiaries and to board members who wish to make an impact on their organizations. This book is a must-read."

—Hamu Mugenyi, Board Chairman, Uganda Development Corporation.

“A great initiative, making it a must-read for anyone starting board affairs in developing economies as well as developed economies. The book empowers any reader with insights to transition from mediocrity to super performance in the boardroom. The writer navigates the current practices well and allows the reader and board practitioners to learn from past mistakes and systematically grow corporate governance aspects within the business practices, empowering the board practitioners to explore what works for the entity at hand.

However, the writer has been caught in the web of prescriptive solutions by way of seven tools which may not be the magical solution for improving board governance in all scenarios.”

> — ***Derick Nkajja, Chief Executive Officer, Institute of Certified Public Accountants of Uganda.***

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To those who uphold good governance for national development.

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Foreword

I graduated from Makerere University with a Ph.D. in board governance and firm performance in 2013 and now work as a Professor of Accounting and Governance at Makerere University Business School. So I am an author myself, editor, and reviewer for respected Journals and books. I have also served on some Company Boards. But the book, "**7 Tools of an Effective Board Member**" by Mustapha B. Mugisa, comes well-leafed in the hands of its author whom I have known for several years for being a talented writer, board governance expert and company turnaround strategist. So I will start this foreword by letting you know, dear reader, of the authoritative book you now hold in your hands!

This book does not only educate but also creates a defining moment on how business, organization, and people (stakeholders) will, from now on, scrutinize Board Member effectiveness. For too long, we have led ourselves to believe that company performance problems were limited and shielded because registered companies were required by law to have a board of directors to ensure company effectiveness. Well, not anymore! The author has brought to light the grim truth that without a board that is effective, you will have no sustained performance to talk about. He shows, in the first part of the book, the ills vitiating board member effectiveness I have felt as a board member but which, until the birth of this book, we took for granted. He will walk you through the seven ills to avoid as an active board member, whether executive or non-executive.

Thanks to the author's diligent efforts and practice as a board member in bringing these ills to fore in this book!

The author does an excellent job showing in considerable detail just how easy (and perhaps unknowingly) sins on the board can be committed. This is not a book for those who are afraid to look into the void (or into their current board policies and procedures)! *7 board tools* book for those who dare to ask, "Why is the company on whose board I sit not improving or the best; or why are profits on the nosedive?" And who is never afraid to ask, "I wonder why the CEO is recruiting me to their board or should I be sitting on these so-many boards or Am I being appointed to this board as a reward to me or does our board chair effectively steer the board?"

The core of the book – in the second part - is that it illuminates 7 tools to make you effective in your work as a board member. You will know the value of quality board packs, you will learn to trust after controls, you will learn how to score your performance at the board or ably define your impact on the board, you will learn about the best way to align your structure with strategy, you will appreciate the importance of understanding the contextual environment of board governance, and, what's more, with this book, you will learn how to effectively manage company risks. The tools advised in this book may by no means be exhaustive. I can state, however, that once learned and used, the 7 tools will make you a desired board member in any company of your choice. This book should be handy to every CEO (well, literally any person who has a title that starts with "C" – the C-suit) so that they can realize the value of board members! This is not a "light reading on a rainy Sunday afternoon" book. It is a practical book and indeed an essential reference for policymakers, regulators and more crucially, corporate governance practitioners! Go forth, reader, and learn of the wonders of Mustapha's 7 tools of an effective board member, making your company more credible than the very best, and how sometimes being invited to serve on the board should fill you with anxiety!

Knowing the 7 ills and learning/using the 7 tools cahoots to make you effective. I can tell you, this is a great board governance book and I've learned greatly from it. You too should.

Enjoy!

— Professor Stephen K. Nkundabanyanga (Ph.D.), Makerere University Business School.

Acknowledgments

Special thanks to my wife, Audrey Amumpaire Mugisa, who gives me the comfort and peace of mind to think and write. The family is the first enterprise for one to exercise their leadership skills. Without the fine skills of the Chief Operations Officer, my wife, it would be difficult to parent our four children – Melyn, Lisa, Leah and Zac – who are a pleasure to mentor and play with.

Our family board consists of two executive directors (my wife and I) and five Non-Executive Directors (NEDs) who include select friends and family. I thank them all for over 14 years of oversight and guidance.

My thanks to the most excellent professionals I have known in various boardrooms for proofreading this book– David Mutabanura, Professor Stephen Nkundabanyanga, Geoffrey Kihuguru, Dr. Miriam O. Laker-Oketta, Derick Nkajja, Anthony Arinaitwe, Haruna Musinguzi, and Kirungi Moses and Paul Busharizi, for editing this book. Their insights helped to improve the quality of the book.

I am grateful to several clients of Summit Consulting Ltd and the Institute of Forensics & ICT Security, who over the past 12 years have allowed me to practice and hone my skills.

Part 1

How to win a board appointment and common board sins to avoid

Part 2

The 7 tools of an effective board member

Tool 1: The context finder

The details that matter.

What makes an excellent medical doctor?

It is the quality of the diagnosis.

If you were with me on 28th January 2019, you would have seen the best of me. A passenger got out of the plane, staggered and just collapsed. Many passengers were running away in a hurry. Consider that when you have just landed in a foreign land, you don't want to be associated with any stranger. But we had just flown over 15 hours with this person sitting next to me.

I ran to him and shouted, "We need help. Any Doctor here?" Two men ran towards us, and one looking at me asked: "What is the problem?" "I don't know," I replied. He just collapsed. The doctor quickly started checking for the fundamentals –body temperature, heartbeat rate, and observing the patient's breathing habits. Then he tried to touch in the pockets and noticed an empty insulin bottle. He yelled: "insulin." And quickly, he was injected, and the person got up. As if nothing had happened. As if by magic.

What I learned from this experience was that before you provide an intervention first understand the current state. You cannot improve that which you do not understand well. Great doctors are so because they take time to study the patient — his or her medical history and symptoms. The result is an accurate diagnosis, which is essential for effective medication. The good news is anyone can quickly become a great medical doctor if they could master the art of diagnosis and interpretation of medical test results. When you know the disease, a patient is suffering from, there are conventional medications that are recommended. When it comes to patient care, you create value during the diagnosis phase. If the patient is not diagnosed accurately at the first point of contact, it could worsen their condition and could lead to death. For this reason, many patients prefer to see the same doctor who knows their medical history well to improve the quality and speed of diagnosis.

When it comes to enterprise leadership, the same principle holds. How much do you know about the organization you have been appointed to serve? How can you add value to an organization that you do not understand well?

For impact governance, err on understanding the organization. As a new board member, your first assignment is to understand the context. What is the current state of the organization's critical processes, functions, and assets?

Gain a complete understanding of the organization and its environment. You need to learn the culture (norms, values); the politics (power brokers and approvers) and the technical aspects (operating model and strategy). If possible, interact with the past board members and senior staff to understand the strategic foundation, the competitive advantage and what makes things move or fail. Know the mission-critical assets, key stakeholders, and critical processes that must keep running for success to happen.

> ***Value insight***
>
> *Take your appointment on the board as a new consulting project. Look at it as a doctor talking to a patient for the first time. Your priority is to understand the organization's current condition and the desired situation. You will add value when you help the organization move from point A (current location) to point B (the desired position). You will gain clarity of focus, areas for quick wins, and those that need urgent attention.*

Many board members get misadvised that their primary role is to provide oversight and risk management to ensure the organization or business is a going concern. As a result, you do not need to know the details. That is not correct. To solve a complex problem, you must break it down first, unpack it. To provide oversight and risk management, you MUST know the details, especially immediately after joining.

> ***The point to remember:***
>
> *To become a good board member, you must first understand the details of the organization. Otherwise, it is difficult to add value to something you do not quite well understand.*

As a Board member, begin with a good understanding of how the business or organization operates, you will gain a good background for your ongoing engagement.

Some board members read the published annual report (or a prospectus for a publicly traded or listed company), chat with the Executive Director and the top management team and the auditors. By doing this, they expect to have gained a thorough understanding of the organization, which may not be correct. Figure 1 shows the effective procedure for delivering value as a board member.

Board's value assessment

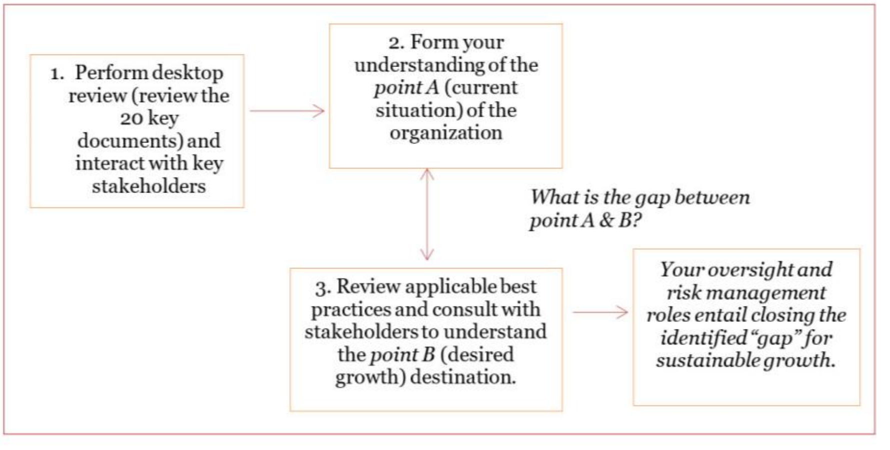

Figure 1: Board's value assessment

Current state assessment

For assessing the present state, ask and find answers to the question: where is the organization now? What is its operating model? What is the nature of the market in which it operates? Where is its competitive advantage? Where does the organisation want to be positioned in 5 or 10 years? What are the organization's values that define its culture?

My experience as a Board member is that you need to start on a strong foundation. Do your desktop review; discuss with key staff and other identified significant stakeholders. Get to know their priorities, expectations, and wishes. Obtain as much information about the organization to understand its strategic challenges, opportunities, business model, and corporate politics, if any.

Understand the history of the organization and its position in the market or current setup. Who are the organization's peers? How does the organization rank among peers? Has the organization had adverse press coverage in the past? Is the operating model of the organization sustainable?

What are the organization's mission-critical assets, and what are the threats to their on-going optimal performance? What actions or decisions would attract adverse media coverage? What are the sticky issues here? Who are the power brokers over what? Are there any critical court cases with potential liabilities? Which areas must be done right? What are the areas for quick wins? Is the organization's current leadership team adequate? Did the current board recruit the incumbent chief executive or the majority of the new board members found the CEO already in place? The board must be and be seen to be in control.

Review the organization's strategic plan and annual report and know the thinking of the key stakeholders and management. Where is the organization heading, what resources (capabilities and systems) are available to get it there, and what priorities will guide this growth? With this, form your understanding of the current situation (Point A) of the organization.

For good governance, document your issues and through the Board chair, meet the executive director or CEO and ask for feedback to all your inquiries. You could also ask to meet senior staff through the managing director. If the organization has branches or external operations, invite yourself for a guided tour of the company's key locations and services and greet people at those sites.

> ***Value insight***
>
> *Point A provides clarity of the organization's current state. Take stock of the organization's health in terms of finances, mission-critical assets, key staff and technology and express these into measurable indicators. Document and communicate this understanding with all board members and the executive and where necessary (with the principal shareholders or owner).*
>
> *Building consensus and effective communication across are hallmarks of a good board member. If you are new to the board, your impact will be instant. Therefore, strive to take an effective board member stance by establishing clarity of the current conditions to focus the board's attention on those areas to set a firm agenda right away.*

Assessing the organization's current state is significant for effective board role performance. *Table 1* lists the major differences between an average board member and an active one.

Table 1: the average vs. productive board member

Average board member	***Productive board member***
a) Is mostly concerned about pay, allowances and board emoluments	Concerned about his contribution to the board. What value do I add to the Board? What legacy will I leave behind? What difference do I make on this board?
b) Interacts only with the CEO/ MD; and where she or he interacts with other staff is through underhand and clandestine means, trying to ask for information about the leadership of the managing director which often leads to dysfunction as the board may receive hearsay or wrong information not supported by facts/ data	Interacts with all critical stakeholders, including branch managers and supervisors at a professional level to gain insight into the business; BUT only performs his role through the CEO/ managing director. S/he interacts with other staff to obtain an understanding of the company at official meetings or forums. A good board member understands that trying to contact another junior team in confidence has the potential to undermine the authority of the CEO which could lead to leadership vacuum and dysfunction
c) Infrequently reads board papers in advance; waits to read during the Board	Insists on receiving the board agenda and board papers at least 14 days in advance of the board meeting date.

Average board member	Productive board member
meeting which usually drags all concerned and leads to ineffective board meetings that drag on and on for more extended hours	Reads all the board papers; prepares areas for clarification, and where possible notifies the secretary in time of the meeting with recommended changes to be made. Guides the CEO of their expectations and makes it clear. In public, it supports the decisions of the board and the MD; even in instances, they objected.
d) Involves himself/ herself in operations; trying to follow small details like expenditures, low expenses instead of providing high-level policy, strategic targets, and risk appetite to the MD to implement.	More focus is on oversight and risk management roles. Obtains enough information to aid understanding to perform this role effectively. Is involved in strategic planning and approval of clear corporate targets or performance scorecard,
e) Wants a monthly salary and benefits like executive staff	Does not demand a monthly pay as s/he is not an executive officer, but expects quarterly retainer for his or her expertise and facilitation as well as to motivate him or her to find time to attend to the organization's business.
f) Just visits the head office and stops there; and then asks for an office at the company and becomes a regular visitor to the office; in addition to demanding	Requests the CEO for a tour of most, if not all, the organization's offices and locations and interacts with people there. Does this usually at the start of his term, through the MD. Never allows unsolicited anonymous information from junior staff; and

Average board member	*Productive board member*
for other benefits like a free car, fuel, computer, etc	where he receives it, puts it to the attention of the board chair and the MD. He or she is very open and frank in the communication and respects the organizational structures that the board can communicate to staff only through the managing director or at a particular forum attended by all staff and the board.

Active board members understand their mandate by engaging with the business stakeholders, obtaining and reading critical information about the organization. If you receive and review all the information in the specified 20 documents, you will understand essential insights and become a valuable board member. The following list is in no way exhaustive. Indeed, depending on the type of business, some of the information listed may not be useful.

The 20 documents to understand the context

Having more information is better than making decisions without all the information you need. Spend the first quarter of your appointment, knowing as much as you can about the organization. As they say, you may not be a good parent without knowing a lot about your children. Who is their teacher? Which school do they attend? Who are their best friends? What makes your children happy? When is their next birthday? What do your children fear most? And what makes them happy? A parent who has accurate answers to each of these questions is likely to be better than one who does not.

For each document you ask, explain why you need it.

1) *The strategic plan. Strategy implementation action plan and the budget.*

Obtain and review the performance scorecard against which the board evaluates the performance of the managing director. Without the board's approved scorecard, it is difficult to assess the performance of the MD – how will the board and other stakeholders evaluate whether the managing director is performing or not? The result will be an MD trying hard to please individual board members instead of focusing on delivering results against the targets set on appointment.

The performance scorecard should be appended to the CEO's contract. The scorecard must indicate clear targets against which the board evaluates or shall evaluate the performance of the CEO.

2) *List of all laws and regulatory requirements relevant to the organization*

Risk management is one of the critical roles of the board, the other being strategy (discussed in point 1 above). One of the significant risks is the lack of compliance. As a board member, you want to understand the legal and regulatory environment within which the organization operates. A person does not have to be a lawyer to read acts of parliament or legal documents from which your board derives her mandate. You are your best lawyer. Equally, an informed board is the best attorney for the organization. What are the fundamental laws you must comply with? Do all stakeholders appreciate them? You will fail in your role [for one, of ensuring going concern] if illegal activities take place while you are a board member.

The story of a top African telecom company that paid hefty fines due to non-compliance with Nigerian laws concerning SIM card registration of all subscribers is still fresh. The company risked about US $5billion including loss of the Board Chair. Compliance is not a simple matter.

3) *Organization chart. And brief CVs of critical managers, where applicable.*

An organization chart gives you clear perspectives about the organizational setup, the nature of the business, and the kind of people running the company. The caliber and quality of the people in critical positions tell a lot about the possible influence-peddling in the business, who is who and areas of people risks.

4) *Board Charter*

Ideally, the board should formulate its charter. For newly established Boards, document or engage a consultant to facilitate the draft of one as soon as possible preferably have a draft version for review and approval on the second sitting. The charter provides the do's and don't's of the board. For a sample copy, visit *www.mustaphamugisa.com/7booardtools*.

5) Risk management strategy. Specific policies and a risk register of the recently assessed top 20 risks (or more depending on the organization size and risk exposures). One of the vital document's in the board's approved risk management strategy to look out for is the board's risk appetite – reports that provide the do's and don'ts to the CEO in the process of implementing the strategy.

A risk appetite (Tool 5) is a one or two page summary of the amount of risk to take in pursuance of value creation. A new board member must understand the board's risk appetite, which clearly outlines the limits of the executive. Any activity or business conducted outside the risk appetite is a personal responsibility of the MD and must be made to account for abuse of delegated authority.

6) Enterprise payroll

Ask for a copy of the payroll to know the actual number of full-time employees in the company. My experience on the board of schools, manufacturing companies, and not for profits, is that employee costs account for over 40%- 50% of the total monthly operating expenditure! It is not too much detail to know the cost break-down. At worst, get a summary of the cost break-down at each business unit or managerial level.

7) Copy of the organization's succession plan (covering succession for the organizations' identified critical positions with respect to grooming, recruitment, training, and exit). The best succession plan provides opportunities for in-house staff. If such a program is not in place, that is a gap to be fixed by the board. Remember, the primary role of the board is going concern. Without succession planning, going concern is at risk in case the key man, the chief executive, suddenly left for better pay to the competitor or for some other reason.

You can easily understand the quality of the organization's succession planning by analyzing the profiles of the Senior Management Team (SMT) aka Executive Committee (EXCO). If all the previous CEOs came from outside the organization and majority of the EXCO members were not promoted, that is a red flag of the absence of deliberate strategic human capital development. A good board must create an environment of a strong EXCO team so that any of the members could qualify to serve the CEO.

8) Profiles of board members and respective dates of appointment. Copies of minutes the Board meetings (at least the past two sessions) to gain insight into the vital business issues concerning the board. Was there any extraordinary or crisis meeting? If yes, get minutes of all past meetings and you will find gold in them as far as understanding the business is concerned. You want to get the details, skills, and experience of fellow board members. Endeavor to create cohesion and friendships with fellow board members for teamwork.

> *I sit on a board where we meet as strangers at the board meeting. Immediately the Chairman adjourns the session, members disappear. Members pretend to be too busy to get to know each other. The result is having a "board meeting" with individuals and not peers and friends.*

9) Top 20 clients/ partners by revenue for the last two years, per quarter (you want to know the significant sources of income for the organization).

If it is a government entity, know the sponsoring line Ministry and whether they get an allocation from the consolidated fund or not and how much. Knowledge of income sources gives you an idea of the financial stability of the institution. Is the organization exposed to a single or concentrated customers? What is the business model? Which kind of products and services do your major customers order? Check whether you have long term contracts with customers or it is usually one-off? Are your top 10 customers last year still the same today? If not, why? You will understand the 'strategic foundation' and going concern of the business depending on the ability to retain clients.

10) List of all bank accounts

Obtain a listing of all bank accounts, signatories, and signing mandate. Remember, you are a board member. You are responsible for risk management and going concern. Money issues are the lifeline of any organization.

Poor cash flow is a terrible disease every organization must avoid. Unplanned and spending without priorities are significant causes of cash flow problems. The least assurance you need is all incomes are banked intact, and withdrawal follows clear procedures.

Establish a budget; specifying the maximum amounts in terms of potential costs/ loss the managing director may commit the organization without seeking prior board approval. Specify the organization's bank account, respective signatories, and transparent procedures for new account creation and closure.

11) Top suppliers and significant expenditure items.

You want to know the nature of partnerships the business has and the kind of exposure to a few service providers. Although you risk being named a micro-manager, you will learn a lot about the organization by understanding the sort of suppliers it has relationships.

For government institutions, this is critical information considering that procurement is their most significant activity. Study the procurement expenditure per vendor and service over 12 months to gain a better understanding of the possible supply chain risks, if any.

12) The organizations' mission-critical assets; and their current net book value. Do you have assets? Ask the CEO to organize site visits for new board members as part of orientation - you will know where and whether the assets exist. Ask Internal Audit to provide an audit report to confirm the existence, ownership, and adequate documentation.

Review to verify asset risk analysis articulation. If an asset is a mission-critical, you expect more controls to protect the asset from theft or damage from all possible threats and attack vectors, like intentional damage by internal staff.

13) Company registration legal documents.
Obtain a copy of the registration documents. Keep a copy of articles and memorandum of association (if a company). For government institutions, get the Act of Parliament which formed the organization. All board members (new or existing) should have a copy of the document/s that provides their legal mandate. Read these documents and

understand your limits. Also get from the company secretary or legal office a list of all laws and regulations relevant to the organization, with summaries of the critical sections that are a must comply and estimated potential penalty in case of non-compliance.

Have the company secretary provide the Board with a list of key laws and regulations and the critical provisions the board must understand.

14) Legal cases.

Obtain details of summaries of all legal cases (past and present) for the last five years; and the progress – closed, on-going or probable loss.

15) Key contractual obligations and agreements.

Any contractual obligations currently in place (a summary of significant agreements). Review to determine the potential legal risks– are there any service level agreements (SLAs)? Are the contracts fair? Which contracts if not fulfilled, would expose the organization to significant costs in legal fees? Is it possible to renegotiate bad agreements? Do they have exit clauses that are easy to fulfill or the deal is a bad one? Remember, great boards, do not leave legal issues to lawyers alone. Just as you are your best lawyer, the entity's board members are the best lawyers it has.

16) Audit reports

Obtain and review auditors reports for at least the past two years – you will find a lot of information about the entities' going concern status in the external auditor's report, names of the entity's bankers, legal advisors, and tax consultants. Find the statement of financial performance and statement of financial position, cash flows, and notes to accounts. Now money is the lifeblood of any organization, internalizing these reports for the past two or three years will give you a lot of insights. If you could obtain supporting documents like minutes of previous board meetings, if any and internal audit reports to the board, you will have critical information about the entity.

17) Minutes of executive committee meetings.

Obtain and review minutes of the EXCO team and status of the matters arising, specifically the implementation status. You will gain an understanding of the thinking of management, the critical issues of concern, and what is working or not. Are there projects that have been implemented following EXCO decisions as indicated in the minutes? A careful review of these issues provides clarity of power dynamics, freewheeling opportunisms by the CEO or other external persons and how decisions are taken.

Some of this information could be too detailed for you as a board member. Remember, the more you know about the entity, the better you are in a position to add value. You cannot solve a problem; you do not quite understand well.

18) Know the CEO and EXCO team

Study the full curriculum vitae (CV) of the CEO, and those of his top management team (assuming as a new board member, you found the CEO already recruited). Obtain and review the MD's appointment letter, contract, and the critical outputs of the role specified in the contract. You are interested in examining the targets to the CEO (performance scorecard) and the board's risk appetite, within which the CEO must operate.

(19) Copy of the anti-fraud policy.

Corruption and fraud risks are significant pain. You want to see the tone at the top concerning fraud risk management. Does the board recognize fraud as a critical risk? Which activities and omissions constitute fraud and corruption? Research indicates that an average organization loses about 5% of its annual revenue to fraud.

That is a considerable exposure considering that few companies make gross profits of that much. The existence of a fraud policy is a good starting point in establishing a zero-tolerance for fraud control environment.

20) A copy of the whistle-blower's policy

Research and experience suggest that whistleblowing is the most effective strategy in corruption and fraud prevention better than any other fraud prevention and detection methods like internal audit, management reviews, and surprise audits.

The majority of fraud cases involve the cooperation of staff through overriding controls. As a result, few inspections, if any, can detect conspiracy of staff in committing a particular fraud. Whistleblowers help uncover major scams and corruption scandals. That is why organizations have effective whistleblowing mechanisms that support both 'confidential' and 'anonymous' tips. For more information about an effective web-based 99% anonymous whistleblower system, visit https://julisha.summitcl.com/.

Every board member, new or existing, is encouraged to obtain and review at least 10 of the 20 documents listed above. Otherwise, it is difficult to add value to your board without sufficient understanding of the organization.

You must have the skills, experience, and time to understand the organization. For that reason, unless you own the businesses, it is not advisable to sit on more than three boards in the same market and geographical scope. How do you ensure independence and confidentiality? How do you find time to understand and internalize the business? The secret of success is in knowing the details. Want to become an excellent medical doctor? First, understand how the human cells or human DNA operate. The rest will be history.

Equally, to become a productive board member, invest time in understanding the organization. Before you ask for summaries, first grasp the details. Know the context – where is the organization now? Who are the peers? What is it's business model? Is the business model scalable and profitable for the long term? When it comes to institutional development, the small things that matter the most. Unfortunately, many boards have been misled to always "focus on the bigger picture" at the expense of the critical details.

A case in point

An example of a critical detail would be that of frequent system downtime, due to intermittent power that potentially hurts the bank's success, both in the short and long-term. Banking is a business of trust– customers expect to access their money anytime (availability), in the right amount (integrity) and no one should know their bank details (confidentiality) – business values that could be threatened with occasional system downtime as customers could be worried of the causes. They could be thinking the bank is out of cash, or someone is trying to hack into the banking system or their account under investigation?

Therefore, some details are critical.

The board must have systems and structures to identify mission-critical features and first attend to them before focusing on the bigger picture. Knowledge about such details is the board's business because of the potential to expose the bank to reputation and trust risks which could fail the bank.

In a nutshell

i. *Obtain and review the 20 key documents to gain a deeper understanding of the organization's current state*
ii. *Examine the organization's desired future from interactions with major stakeholders, board members, and executive team*
iii. *Identify the "gap" by comparing where the organisation is at the time of your joining and to where it wants to be. You will add instant value if you contribute towards closing the gap.*

It is not enough to establish the gap. You must define measurable indicators to track progress and evaluate the performance of the board.

Why do you think many board evaluations add limited value to its effectiveness? What is the best approach to assess your board's effectiveness? In the next Tool 2, board scorecard, I explore this topic in detail. Know what a scorecard is and why is it a critical tool for boards? How do you use it to add value?

To get all the tools, email strategy@summitcl.com or visit https://mustaphamugisa.com/7-tools-of-an-effective-board-member/