

INSEAD Directors Forum, 26 April 2021

Q&A for Practitioner Panel

S/N	Question	Asker Name	Answer(s)
1	Referring to Nadia comment on long term future of the company : Companies try to disrupt their model from inside, some through funding ventures outside. What works best?	Jean-Marie Greindl	(LN) I guess that the answer comes from the project shareholders are willing to pursue and the resources/capital they're ready to apply to. Also depends on the sector you're in obviously.
2	Are there any special considerations that need to be taken into account for the board composition of regulated financial companies including private equity funds, banks, hedge funds, etc.?	Balduin Hesse	(LN) Yes. The Financial Supervisory Authority at least in the nordic countries has formal, additional requirements on the individual board members and their competence in such companies. (NN) US/UK/European and local regulations/compliance are massive on this subject
3	Good governance starts with the integrity and ethics of every director on every board. Board directors have a moral obligation not to take advantage of the company, but to be loyal to the company, make wise decisions, neutralize conflicts among stakeholders, and act in a socially responsible way. An ethical board sets the purpose of the company, which in turn influences all dealings with stakeholders. What are your suggestions on helping board directors anticipate and identify potential conflicts, deal with conflicts and make sensible decisions to chart a course for the future of the company?	Stéphane BELLANGER	(LN) A hard question with many answers, but to my experience working actively with the vision, mission and values, from the perspective "best for the company", sets the direction, works like a "decision compass" and makes potential conflicts pop up, so that they can be handled. (NN) It is a key question and issue that should be dealt with during the hiring of a new director in order to avoid conflict with other board or companies and make sure that it will stay that way by assessing this performance of the Board as we mention during the session.
4	How to evolve into Board members?	Alireza Ayatollahi	(LN) Train on the mindset "what's good for the company" and keep to a holistic, strategic approach. Certify yourself in Board work or participate in training to learn about the Board Member role and get hold of the laws/regulations applicable to the types of companies you want to work with. Market yourself, starting by letting people know you're looking for assignment, create a "NED CV" and contact head hunters.
5	We see directors sitting on multiple boards, how do you manage this demand for your stewardship knowing that something's got to give at some point. To put it another way, how do you ensure that there is active contribution by you in whichever board you join?	Mei Ho	(LN) Hard question. Even if I do my best, how can I really know that this is the best contribution I could make in this specific company? With a challenging work load, especially in these times of AGMs, of course there are "compromises". As in all jobs you have to prioritise and plan (good thing with boards is that you plan many of the meetings at least one year ahead, except for the adhoc ones), and try to be 100% present in whichever board you're in. A good chairman helps, sticking to the agenda and not letting all sorts of issues take time in between meetings. (NN) Not having more than 5 active Business Board sits and 2 Non Profit. Making sure that my experience, expertise will bring value to the company's future growth.
6	on education, interesting that the prime way of education of board members is still their individual responsibility, how do you see that? we emphasize that the leadership team need to do joint education, why not the board?	Liselotte Engstam	(LN) Interesting questions, Liselotte, and I suspect that you and I have the same view on these issues. I suspect the reason is historical, and that somehow the competence of the board "must not be challenged" or something. The dynamics of the board should indeed be much higher on the agenda than it is. (NN) Well I have training and education in at least 2 of my boards.
7	Greetings! How should a family control public company hire an external CEO? In this regard, the nomination committee of mostly independent directors has the responsibility to recommend the hiring of CEO to the board. Further, should the board with the mandate execute its authority on the hiring even if the family board member is against to the hiring? Thank you.	Joshua Siow	(LN) Yes, the obligation of the board is to see to the best for the company. If the board or individual board members are convinced a new or specific choice of CEO is needed, they should stick to that, even if the family and/or owners is/are against it. Then again, this is much easier said in theory than performed in practice. Sometimes it's an iterative process and you tread carefully. But in the long run there's no need of a board or board member without mandate, then it's better to leave. (NN) Interesting, I fully support a nomination committee to recommend candidates. I will certainly not think that the board could or should hire someone without the Family Board's approval unless this Family doesn't have the control.
8	to Louise Nicoloin, why will this traditional organisational model not last?	Se?bastien DHondt	(LN) I think in today's society and in the future, in a "VUCA-world", the need for information will be so high, the outlook for the company will change so fast and the companies will have to be so alert and agile, that new forms of decision making and communication must be found to survive. In this development corners will be cut, and structures, like hierarchy and bureaucracy, that no longer serves a purpose, will have to be replaced by more efficient ways of working. (but this is my very personal view)
9	great commentss Louise, in some companies we see an increased number of committees, temporary committees and advisory boards, how do you see that develop at your boards?	Liselotte Engstam	(LN) All of my boards seem to be quite conservative with maximum two committees, the audit committee and the remuneration committee. However these two are more frequent today than five years ago.
10	Louise brings up an interesting point that perhaps is the future. Typically, we have adhered to Supervisory Board "looking in to operational management but with hands behind the back" approach. How should the Supervisory Board deal with executive pushback or executive "accountability" if Board members get involved in daily management opinions?	Jose Villalon	(LN) Interesting question, José, and good to "see" you! Most probably it will not be a black and white matter, and it will differ from company to company, perhaps not being as "regulated" as today. To my experience, even today, the involvement of the board depends very much on the CEO and the company culture. The board members will probably not be involved in daily matters, but cannot stay behind closed doors, as engagement is required. I suppose we have to be even more aligned in the board, and between board and management, and stay tuned with what is going on, in order to be able to stay behind, emphasize, and "live" the decisions made.
11	Do you expect the tsunami of information to be intelligently treated by AI so that when information arrives to us it is already intelligently treated, so it's volume and noise is deeply reduced?	António NETO DA SILVA	(LN) Yes, I hope and believe we'll have better tools for handling the vast amounts of information tomorrow, can't wait for it! Beware, however - your sources and the way of interpreting data will of course become even more critical.
12	How do you see the role of sophisticated board evaluations encompassing tech aspects and feeding back data and benchmarks to board members will play in the future? Thinking of both listed and non-listed companies. How could board evaluations bring optimal value to sound corporate governance and value creation?	Monica Lagercrantz	(LN) Even today there are lots of room for improvement when it comes to board evaluations. In most cases I see, it is very subjective how we interpret and rate questions, often being in a word or excel form, that the chair man collects and summarises (no anonymity). The summary is then presented at a board meeting and most often you look at the worst mark and discuss it a little bit, but no one wants to spend time at this form. Comments that are "out of line" can be explained. So there's really a lot to improve if you want to create value, even without AI and data sharing, benchmarks etc, which most probably will enter the scene. If we have a true interest in developing the board, building trust and communicating how appreciated the feedback is, we'll see a change in both tools and engagement, reflecting the true situation and probably some new suggestions/insights.

13	<p>Any experience with New Directors during the last year?</p> <p>Onboarding difficulties? Thx!</p>	<p>Lorenza Di Giovanni</p>	<p>(LN) I had three new boards myself during the pandemics, and in one of the boards I discussed the onboarding a lot with the chairman, stating that I wanted to meet key individuals, including all board members and the management, which resulted in him scheduling two full days with one hour meetings from morning to evening. Too ambitious I thought, but went ahead and had such a valuable experience, that I repeated it in my other two boards as well. This way you meet and get to know the individuals and the organisation much more profoundly, and get to know the operational level enough to be comfortable backing to a strategic level.</p> <p>(NN) Yes and No, usually the new director takes 1 or 2 board to settle.</p>
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