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# THE EFFECTIVE BOARD

## What does a high performing board look like?

According to Sir John Egan, who has led a number of major companies in the UK, including Jaguar

Cars, BAA and Severn Trent, boards have to evolve in stages and need to develop in order to perform at the highest level. Improving performance takes time and effort and can be likened to climbing a ladder – one rung at a time as shown in Figure 2.<sup>8</sup>

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FIGURE 2: Board performance ladder

### Rung 3 – A top performing board

Adds value by achieving a full package of responsible activities including:

- ethical decision-making
- understanding the strategic environment
- understanding the needs of employees, customers and all those in the supply chain
- anticipating future events in an uncertain world.

### Rung 2 – A good board

- consciously creates a culture of high performance and low risk
- ensures a good line of sight to risk
- considers it normal to challenge
- typically 'walks the talk.'

### Rung 1 – An OK board *(Most boards get this far)*

- makes no mistakes
- provides good papers on time
- ensures there are no surprises
- can be bureaucratic.

### A poor board

- makes mistakes and poor decisions
- is chaotic
- is subject to intemperate behaviour
- faces surprises
- provides very poor information
- has confused directors – with information provided to them in an indigestible form.