

# Finding your feet

**Domini Stuart** discovers how you can make a good impression and start adding value when joining a new board.

**W**hen directors walk into a boardroom for their first meeting, they are not there by chance. In most organisations, their appointment would have marked the end of a rigorous and demanding selection process.

"The most important thing to understand, to internalise, is that you have been invited to join a board because of the qualities your fellow directors expect you to bring to the table," says Keith De Lacy AM FAICD, president of the Queensland Division of the Australian Institute of Company Directors. "You've got nothing to prove at your first meeting."

That does not mean you have nothing to think about beyond turning up on time.

"Preparation is crucial," says Robyn Watts FAICD (Twitter [@robynlouwatts](#)), director of The Vita Group, Geyer and ANU Endowment for Excellence.

"You should have already done thorough due diligence, so you'll have an insight into everything from financials through to the way the company operates but, once you've been appointed, you need to take your research to another level."

A first concern is the boardroom culture, which varies enormously from organisation to

organisation. Understanding and respecting the unspoken rules will help to put you, and everyone else, at their ease.

"Ideally, you'll know everything from the dress code to whether everyone sits in the same place at each meeting," says Kerry Newton FAICD, managing director of Directors Australia (Twitter [@Directors\\_Aust](#)) and a director of Energex.

"I think the best way to pick up on those cues is by having informal chats with the other directors. If you're still not sure, it's better to ask the chairman than to start out by having to apologise for a faux pas."

More broadly, most new directors will undergo some kind of induction program.

"Learning on the job used to be the norm but, like most aspects of governance, the induction process has attracted more emphasis in recent years," says Rick Lee FAICD, chairman of Oil Search and a director of Newcrest.

"Most boards encourage new directors to take a deep dive into the company early on. At the very least, you would expect an opportunity for one-on-one meetings with fellow directors and senior executives and to visit any retail, manufacturing or other sites.

"Most management teams would also be



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ROBYN WATTS



## 12 TIPS FOR A NEW DIRECTOR

1. Remember you have nothing to prove; you have already impressed your fellow directors enough to be appointed to the board.
2. Find out as much about the company as possible before the first meeting, but keep an open mind. Some things are only visible to an insider.
3. Get to know your fellow directors. If possible, talk to them informally before the first meeting and familiarise yourself with their backgrounds so you're aware of their areas of expertise.
4. Know and respect the boardroom culture.
5. If you feel you would benefit from a more comprehensive induction process, ask for one.
6. In the words of Stephen Covey, "Seek first to understand before you seek to be understood".
7. Listen carefully and pay attention to the dynamics of the board.
8. Ensure your questions, comments or suggestions are relevant, constructive and enhance the value of the board.
9. Remember you are liable as a director from the day you're appointed. If you're concerned that something may not be right, you must speak up.
10. Be mindful of the differences between the roles of board and management, particularly if this is your first directorship.
11. Keep abreast of information about the company in the press, on its website and on social media.
12. Enjoy and make the most of an exciting opportunity.

*'There are bound to be things you couldn't know about. It's very helpful to sit down with someone who can answer your questions'*

KERRY NEWTON



comfortable with giving the kind of division-by-division, function-by-function presentation on the company they prepare for the market. If these things aren't offered, you should ask for them.

"I don't think any chairman would consider that pushy."

Once you have read your first set of board papers, it's a good idea to go through them with the chairman, another director or the CEO.

"There are bound to be things you couldn't know about," says Newton.

"It's very helpful to sit down with someone who can answer your questions on matters of fact or the history of a particular issue."

Watts also recommends staying abreast of social media.

"If the company has a Twitter account, follow it," she says.

"If it has a Facebook page, 'like' it. I'm sure a lot of directors still don't consider that important but, in my experience, you can pick up a lot of background and interesting insights from social media."

### THE FIRST MEETING

Inside the boardroom, it can be difficult to find the right balance between making a contribution and appearing to be too opinionated.

"Stephen Covey, [the author of *The Seven Habits of Highly Effective People*], said: 'Seek first to understand before you seek to be understood' and I don't think a truer word has ever been spoken," says De Lacy.

"The biggest mistake most new directors make is to seek to impress from the outset and, too often, this creates the wrong impression.

"If you're trying to impress with your knowledge and expertise too early on, you may come across as being too smart, or as having a lack of respect for the existing board and what it has achieved. It's accepted wisdom that

Australians have highly-refined, in-built bullshit detectors and that the worst crime you can commit is being 'up yourself!'"

However thorough your research, some things are not visible from the outside.

"The dynamics of every board are different but, if it's functioning well, the collegiate dynamic will be strong," De Lacy continues.

"Try to understand the various aspects – how the chairman manages the meeting and the exchanges, who plays which role, who are the dominant personalities, who is reserved and who is outspoken, the silent achievers and the court jesters, who speaks last and who always leads. Eventually you will integrate seamlessly; just let it happen."

There are no hard and fast rules about how long you should wait to speak.

"If you can contribute constructively and you are comfortable in doing so, I believe you should," says Lynn Wood FAICD (Twitter @lynnvawood), an IFRS Foundation Trustee and chairman of both the Financial Reporting Council and Good Beginnings, a national children's charity.

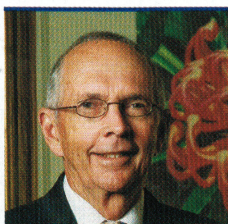
"For example, if you have prior experience in the industry, it's much easier to make an early contribution.

"Your fellow directors are also more likely to seek your opinion in your particular area of expertise. You should not, however, feel pressured to contribute too soon."

Most boards have an annual cycle of activities; Lee suggests taking a measured approach until you have been through the cycle once.

"That doesn't mean you have to keep your mouth shut when you have a strong opinion or special expertise," he says.

"It's more a matter of behaving with the same consideration and courtesy as you would in any other social situation. You can learn a lot in that



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KEITH DE LACY



first year, so I also think it's important not to have preconceived ideas.

"I've joined boards where my views of the company have changed considerably as I got to know the business from the inside."

It is important to be honest and realistic, but relentless negativity and criticism can be dispiriting.

"When you offer views, you should do it in a constructive way, preferably with suggestions for further action," says Wood.

"If you don't agree with a proposed course of action, I believe it's very important to disagree without being disagreeable."

It is also important to ask appropriate questions but, as Watts points out, there is a fine line between adding value to the meeting and wasting time.

"You have to make a judgement call as to whether your question would make a genuine contribution or whether you're using it to draw attention to your own knowledge, or to improve your understanding when you could easily have learned the answer through your own research," she says.

"You won't always get it right, but you do need to be aware enough to recognise when it's happening."

Newton believes there is a window of up to six months where you can expect a little leeway.

"Peer directors will give you some latitude at first, particularly as the so-called naïve questions raised by a new director can often open up a new angle or approach," she says.

"You're bringing a different set of life and work experiences to the table and your colleagues should welcome that aspect of boardroom diversity but, if you persist in asking inappropriate questions, their patience will eventually run out."

Some of the hardest questions to ask are the ones you cannot ignore.

"As a director, your fiduciary duties start from the day you accept the appointment," says Wendy McCarthy AO MAICD, chairman of McGrath Real Estate and a director of Bentham IMF and Goodstart Early Learning and Child Care.

"If you're anxious about the discussion or concerned that something is wrong, you must



*'When you offer views, you should do it in a constructive way, preferably with suggestions for further action'* LYNNE WOOD

ask for more information, even if it's your first board meeting. Ignorance is not a defence."

#### YOUR FIRST EVER BOARD

Preparation is particularly important for the first-time director.

"In my experience, some don't understand the importance of careful due diligence and the role it can play in helping them to find their feet," says Newton.

"Having a mentor, coach or confidante with sound boardroom experience can also be very helpful."

Some first-time directors struggle to adapt to their new role.

"Those who have been working as a CEO can find it difficult to draw the line between oversight and management, especially if they're very experienced in that particular industry," says Lee.

"That's not to say you can't be forthright in your views, but you do need to be mindful of the board's role and careful about how outspoken you are."

"If you do succeed in imposing a change of strategy on an unwilling management team, it is likely to see you as an obstacle, and that's not a good position to be in as a new director."

#### AFTER THE MEETING

After the first meeting, it is advisable to ask the chairman for feedback and to talk through any issues or questions that arose. You might also want to make it clear that you are prepared to put in some extra time if there is a gap on an appropriate committee.

"It's important not to see a directorship as a job you do once a month," says Watts.

"You need to keep abreast of information about the company, not just from the papers you receive but everything that appears in the press, on the website and in social media."

"It's also important to visit outlets and talk to management and people throughout the company wherever possible and to do whatever you can to understand your customers."


"This will give you an insight into the culture of the organisation as a whole, what's working and what could be improved in order to achieve the best results."

All directors need to keep the bigger picture in mind.

"Your role as a member of the board is to operate both as an individual and as a member of a team to build shareholder value," Watts continues.

In the process, De Lacy believes you should have confidence in yourself and, most of all, be yourself.

"Enjoy the experience, enjoy the company, join in, be part of the team," he says.

"Seek to understand the business, and gradually make your contribution, especially in your area of expertise. It is a wonderful opportunity." 

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