There is nothing that a management team dislikes more than the preparation of the package for the Board of Directors’ meeting. It is time consuming and takes management away for their primary job of running the company. But - study shows that good board reporting is good for everyone; the Board, the management team, the investors, the workforce, the customers and stakeholder, and it almost always leads to better corporate results. And why is this?

Good board reporting makes better use of the experience and talent resident on the Board. If the board is given quality well organized information in a consistent format that tells the full story of where the company is and where it is going, they will be better informed and can make better decisions.

Good board reporting helps to put the board and management on the same sheet of music. The process of developing and implementing a new board report format includes both the management team and the board members, which provides the opportunity for discussion and agreement on what information is required to tell the full and accurate story of the organization’s performance.

Good board reporting provides for a higher level of transparency and stimulates meaningful discussion at the board and the management level. As management gathers the data and assembles it into the board report, a clearer picture of the organization emerges, which in turn engenders conversations at both the management and the board levels.

Good board reporting covers all levels of the operation from the strategic to the operational. A good board report can and should be a comprehensive picture of all of the elements that go into the organization’s success – and its failures. The information about the organization’s successes are important information but it is often a good picture of the organization’s failures that is most useful.

Good board reporting is an excellent communications tool. It gives the management team a regular platform from which they can communicate in an efficient and effective manner to the board - and with each other. The board in turn can use the board report as their primary tool for effective and efficient communications with the management team – and the rest of the organization’s stakeholders as required.

**What is a ‘good board report’?**

**Format:** First, a good board report is in a standard format - a format that the board can become used to seeing, which will assist the board to better absorb the mountain of data that is usually part of the board reporting package. A standard format also benefits the management team, who will not have to spend any additional time or energy deciding on how the report will be organized. I addition, the standard board report format serves as a master check list of the information to be considered and presented, which assists in the preparation by the management team and helps set the expectations of the board as well as increasing the board’s efficiency in their absorption of the data.

**Metrics**: Second, the substance of the report, the key performance indicators and performance metrics must be well chosen, tell the whole story of how the organization is doing, and be agreed upon between the board and the management team. It is simple to say that the metrics need to be the ‘right ones’, but it is another matter to develop metrics that tell the full story. The good news is that in most industries there are a set of ‘standard’ metrics that can be used while more tailored ones can be developed for each unique organization. In addition, there are a variety of sources that can assist in the task of performance metric development such as; financial analysts, credit agencies, rating agencies, banks, accountants, operational specialists, engineers, and industry associations.

**Timeliness:** Third, the board report package must be provided to the board in time for them to read and absorb the information. The larger the amount of data in the report the more time the board will require to absorb the information, so delivery of the board report needs to be timed accordingly. It is a self-defeating process to present the board report package any less than three (3) days before the meeting, because the board will not have sufficient time to read and absorb the information. If the board can’t do its job, then there is little value to their expertise.

**How is a good board report format with the required metrics developed?**

In most organizations the process is an iterative one which starts with the management team developing, with guidance from the board, the first draft of the board reporting format. The process of developing the format should include representatives form all parts of the organization, from the C Suite to the ‘shop floor’. The format should contain elements of the strategic and the operational and be arranged in a logical and consistent fashion so that it reads easily and the various parts of the report link and align to each other.

Once the basic format is agreed upon then the metrics will have to be developed. The best path toward performance metric development is to make the people who work in each specific area part of the process and to utilize as many existing measurements as possible. Once the existing metrics have been placed into the report format one can see where the holes are in the report, which will require development of new metrics. The metric development process needs to produce the ‘right’ level of data at each of the three levels of the report - and the definition of ‘right’ is reached by agreement between the board and management.

Once all of this work has been completed, it is time to give the new board report format a debut at the board level. Experience has taught us that the introduction of the new report format and metrics is best done in an offsite that is not a regular board meeting. The new board report can then be introduced without the pressure of regular board business. The intent of this meeting is to present the new board report and get feedback and input form the board, which can then be incorporated into an edited version of the report.

**How does this process of developing and implementing a good board report benefit everyone?**

There are three primary reason why this process is good for the entire organization:

There is an old saying in the management consulting business – ‘What gets measured is what gets done’ – which has proved to be true over and over again. When a good board reporting format is developed along with appropriate performance metrics and it is all done in a participatory manner then everyone in the organization knows what the board and the management team will be focusing on. And since ‘success’ will be gauged based on these metrics everyone will know where to focus their efforts.

The process of the development and implementation of the board report format and the metrics will help each of the various parts of the organization see what everyone else is doing and will help link and align the efforts and outputs of all parts of the organization. This process takes place not only when the initial board report and metrics are developed and implemented but will continue to ensure linkage and alignment as the report goes into use.

It has been our experience that development and implementation of a good board reporting format with good metrics is a powerful tool in the development of an advantageous corporate culture. Whether you need to change the culture or validate it, this process of developing and implementing a good board reporting format with focused metrics goes a long way to building the organizational culture you want.

**What would a ‘good’ board reporting format look like?**

Each board report format is unique to the organization and is tailored to the specific industry and the company’s specific requirements. The report is usually constructed in three layers; the first being a general summary report, the second is more detailed information from each of the divisions or functions of the business, and the third is an even more detailed report focused on the specifics of the various endeavors of the organization. The report is read from the summary level but permits drilling down to the specifics as required. The report is constructed from the detail level up to the summary level.

A popular format for a board report is the ‘three level’ report. The top level is a corporate summary arranged in a scorecard format using the green/amber/red functionality to indicate if the organization is meeting the target performance (green), performing below the targeted level but not to the level of unsatisfactory (amber), or performing in an unsatisfactory manner (red). The data for the top level is drawn from the second and third level reports which contain the more detailed data.

Attached is a notional board report format. This report is constructed in Micro Soft Excel. Only some of the data has been filled in to show the functionality.

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