



# An Informed Decision

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**A Board of Directors has a critical role in the overall success and accountability of an organization. There are many actions that the Board needs to take to ensure it has the competence to fulfill the role and there are critical dependencies which the Board has on others in order to get the job done.**

**I**nformation provided by management can enable the conduct of good governance or disable it. Management can present information in a manner that causes the Board to give the decision management wants. If the decision turns out to be detrimental, management can point to the Board's decision thereby removing their own accountability.

Information can be presented in a balanced manner

thereby enabling good governance or presented in a manner which moves the Board down a funnel to conclude with management's desired decision thereby disabling good governance. The funnel approach provides selective narrowing information.

I write many executive briefings for Boards and the practice that I follow is to present the situation in a fulsome manner, present the available options, present the

positives and negatives of each option, and then provide a recommendation based on the context of the organization – its values, available resources, and its accountability to stakeholders.

Where I have conducted governance audits requested by a funder or regulator at an organization that is experiencing stress, I have found a common pattern of insufficient or selective information presented to the governing level. There are different characteristics of this information but the result is the same: poor decision making by the Board.

I have seen:

- Insufficient information provided to the Board as a result of insufficient due diligence or research by management.
- Information provided to the Board in a manner that provides selective options and/or has not provided a fulsome outline of benefits and costs of each option.
- Information on implementing an idea from another organization without assessment of fit within the context of the organization at hand.
- Management or advisors without the appropriate competency advising the Board based on their own limited knowledge.

It is important for Boards to recognize that it does not just require information but informative information. Informative information is clear, succinct, timely, transparent, complete, pertinent to the topic and evaluated within the context of the organization.

I facilitate workshops for organizations called Information for Effective Decisions and Oversight. Through discussions with Directors in these workshops they often reveal that they are operating in an environment where management's perspective is that the Board asks for information that is too operational while the Board's perspective is that management is suspiciously not cooperative in providing the information needed for the Board's decision making and oversight.

It is fundamental for Boards to expect management to provide the right information at the right time to enable the Board to have effective discussions and to make sound, prudent, timely decisions. The Board needs information at a strategic level to assess progress on strategy and at an operational level to monitor the organization's operational and financial health and risk profile. Management has access to all the organizational information and has access to resources to bring in information from outside the organization. The Board's access to information is filtered through management.

Boards do need to stay out of operational detail. Boards do not want reports that are lengthy with too much detail. The focus by the Board should be on watching trends and the big picture issues. Boards need to be aware that too much detail can bury good decision making. Also Boards need to be aware that they sometimes focus too much on history and do not receive a sufficient amount of forward looking information.

Succinctly, the Board is enabled by receiving informative information on a timely basis, while the effectiveness of the governance level is disabled by stale and insufficient information.

The goal for an effective working relationship and effective Board decision making is fulsome information provided by competent people and information that fits the organization's specific context.

Informative information utilized by competent Directors through effective processes results in good decisions for the organization and in turn its stakeholders.

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