

Falconbury

Fulfilling the Role and Duties of the Company Director

Module 2

Board Meetings and Structure

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BOARD MEETINGS AND STRUCTURE

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1. PROCEDURES FOR EFFECTIVE BOARD MEETINGS

Determining the aims of Board Meetings

Open for business

Company law places no obligation on Directors to meet as a Board, or even for regular informal meetings of the Directors to be held. Perhaps more correctly it could be said that it carries no explicit requirements in this regard, although there are certainly implicit requirements that the Directors will meet and make decisions whether formally or informally, since should they fail to control the operation of the company they could be held to be in breach of their duty as Directors (see the *Dorchester Finance Co v Stebbing* case in Module 1, section 3). In addition the Directors must approve the accounts, balance sheet and report of Directors for submission to the shareholders. This lack of explicit requirement to hold Board meetings can lull members into a false sense of security. However a moments thought regarding the Director's duty of care will generate the question 'if we don't meet and decide formally – with a record made of the meeting – how would I be able to prove I exercised my duty of care if ever this was challenged?'

Extension of the powers of the Competition Commissioner and Office of Fair Trading is envisaged in new guidelines recently issued. Where one or some members of a Board have been involved in anti-competitive activities ALL members could find themselves disqualified even though some could legitimately claim that they knew nothing of such activities. This thus extends to anti-competitive activities the 'ought to have known' test set out in the Insolvency Act related to wrongful trading. Margaret Bloom, the then director of Competition Policy stated that there was no intent to implement 'witch hunts' but that the new powers will be a 'very valuable deterrent against anti-competitive behaviour [which will be] used very carefully'.

The taking and recording of minutes of Board meetings will become an even more necessary defence for the innocent – for example at the very least, non-executive Directors (and executive Directors in some cases) might want written and constantly updated assurances that everyone involved in buying and selling is familiar with the requirements of, and is compliant with, the Competition and Enterprise Acts. It might be advisable to set up a process of spot checking with suppliers and customers prices and terms quoted to them and (perhaps covertly) discovering the prices quoted by competitors to try to ensure there is no possibility or practice of 'price-fixing'.

Realistically most Directors will meet and discuss the conduct of the company with their colleagues and in most companies of any size or where there are more than (say) three Directors, this control is best exercised by holding regular meetings. Indeed in most companies a considerable amount of the work of most Directors revolves around meetings of the Board, of committees appointed by the Board and/or to discuss their own operational responsibilities. Irrespective of their level, all meetings should consider data, discuss proposals, contentions or conclusions arising from the data and make decisions. There is a saying that 'meetings take minutes and waste hours' – if so it is because three key aspects of successful (i.e. effective) meeting administration have not been given due regard. Specifically:

- The aims of the meeting need to be clearly defined
- The chairman needs to keep the attention of the meeting to the aims determined, and

- The secretary needs to ensure the meeting flows smoothly with everyone advised of all details regarding business previously noted for discussion (for example, by the provision of a dynamic Agenda – see below).

In addition the ethos of the organisation needs to be tuned to the accomplishment of business via meetings. This may be easier said than done since in some organisation's meetings seem to be held for 'meeting's sake' and in fact far from stimulating and generating swift decisions, they may be used as a means for delaying decisions and ensuring when taken that no one individual can be held responsible for their effect. This may be acceptable for some 'junior' meetings but it is unlikely to be acceptable for Board meetings.

Agendas

Every meeting should have an aim – if only 'to review progress since the previous meeting and consider how this impacts the attainment of short and long term aims'. To ensure the meeting adheres to its aim it may be advisable to state it at the commencement of the Agenda and to compose the Agenda in such a way that it delineates the business requiring decisions which meet the aim. Too often the composition of an agenda is given insufficient attention and serves as little more than a notification, to those required to attend, of the date and time of the meeting rather than creating an awareness of subject matter that need research, deliberation and decision. Inevitably the construction of an Agenda will depend very much on the type of meeting required – but equally the efficiency of the meeting can depend how constructively the Agenda is compiled. If it is a regular monitoring meeting it could comprise items drawn from the sources set out in the following checklist.

Sources for agenda items checklist

- a) an annual list of items to be considered at set times (e.g. the dividend, preliminary announcement)
- b) items to be considered or reconsidered requested from the previous or earlier meetings
- c) new business arising since the previous meeting out of the operation of the organisation
- d) items requested to be considered by members (individual house rules may apply to these items – e.g. they may be required to be approved by the Chairman prior to inclusion)
- e) regular reports (accounts, cash forecast, contracts, etc.)
- f) market, economic or legal changes affecting the business
- g) statutorily (or similarly) required items (e.g. approval of the Report of the Directors and annual accounts for submission to the AGM, dividend recommendation, etc.).
- h) original material, possibly generated by the Chairman as a result of his responsibility for driving the meeting and the company forward.

Alternatively a meeting may be required to consider a particular subject. In this case there is greater scope for determining the extent of the deliberations, the aim and even the duration of the meeting by generating what can be termed a 'dynamic Agenda'.

Dynamic Agendas

a) One-off meeting

AGENDA

For an [informal executive] meeting to be held on [date one week ahead] in the Company Boardroom at 2.p.m. prompt

Subject: Employee absenteeism

Aim of meeting

To devise and implement [up to five] tactics or initiatives for immediate implementation which will have the effect of reducing absenteeism to near or below the industry average.

Items for discussion

1. To consider monthly reports of staff absenteeism over past 12 months (See analysis attached).
2. To compare such reports with analyses of absenteeism throughout the industry (See report from [Industry] Trade Association attached).
3. To consider whether there are special reasons for this company's poor performance, and if so what can be changed/improved to ensure a reduction.
4. To determine [five or more] methods to ensure such a reduction. Members will be expected to attend with ideas for consideration at the meeting, such ideas must be capable of implementation within 14 days.

Administration

The meeting duration will be 2 hours. No interruptions or messages.

Attendance

Group Finance Director (Chairman), Personnel Director, Company Nurse, Company Secretary, Works Manager.

Notes

- a) Setting the meeting a week ahead should allow ample thinking time
- b) Providing internal statistics with external comparisons sets the problem in context with the delay before the meeting allowing time for assimilation of the data
- c) Requesting members ideas should assist accountability

- d) Stating that there must be no interruptions not only allows meeting members to brief their staff accordingly but also underlines the importance attached to the subject by the Chairman. It is not unknown for some meeting attenders to arrange for deliberate interruptions to meetings either to enable them to 'escape' some agenda items or simply to try to bolster their own importance
- e) the tone and structure of the agenda itself seeks to demonstrate that action is required. It implies an urgency reflecting that of the Board regarding the subject matter.

b) Regular Board meeting

ANY COMPANY LIMITED

AGENDA

For a Board Meeting on 30th March 2xxx in the Boardroom at 10.00 a.m.

Apologies for absence

1. MINUTES of the Board Meeting held on 29th February (Copy attached)
2. SHARES
 - i) Resolution to approve share transfers in favour of PQR
 - ii) Consider recommendation that share registration work of the company be placed with Share Registrars Ltd. (Report and contract attached)
3. FINANCE
 - i) Consider Management accounts to 29th February 2XXX. (Complete set to be distributed by Finance Dept by 25th March)
 - ii) Consider recommended change to calculation of depreciation charge. (See report from Finance Dept on effect attached)
 - iii) Capital expenditure.
 - a) Proposed purchase of (units)
 - b) Capex project 13/2XXX
 - iv) Cash flow. (Projection for remainder of 2XXX attached)
 - v) Bank Mandate. (New format in terms of attached draft is required to be adopted.)
 - vi) Borrowings. (The Secretary to table a report concerning negotiations with the bankers regarding sourcing additional borrowing.)

Draft resolution: THAT the Chairman and the Company Secretary be and they hereby are empowered to sign such documents and take such actions to provide the company's bankers with the documentation they required in order to facilitate the advance of the additional borrowing requirement.

4. CURRENT TRADING
Managing Directors report (see enclosed confidential report)
5. PERSONNEL
 - i) Wage negotiations for review 1st July 2XXX (see report from Divisional Director (Personnel) attached)
 - ii) Impact of recent anti-discrimination legislation (Secretary to report at meeting with recommendations to be tabled.)
6. PROPERTY
 - i) Board approval required for items X, XX, XXX in attached report.
 - ii) Progress on sale (facility)
7. SAFETY MATTERS
 - i) General report
 - ii) Advice regarding [new project] implementation
8. SEALING
Approval required for items 345 to 361
9. BOARD MEETINGS IN 2XXX
Consider additional dates as follows 28th April, 30th May, 30th June, 28th July, 31st August, 29th September, 25th October, 23rd November, and 21st December.

NOTE: This is the Agenda which convened the meeting the suggested Minutes of which are set out in section 3 of this Module.

The advantages of a detailed Agenda include:

- a) a guide to the Chairman in defining decisions that need to be made
- b) a guide to members of the business that must be decided
- c) for the Secretary, an invaluable first draft of the Minutes of the meeting!

With regular meetings (e.g. board meetings), an Agenda should always follow a set format and order, whilst the grouping of like items under general headings may assist the logical 'flow' of the business of the meeting. Setting out under each item the aim of the business (for example a draft resolution) should help concentrate the mind on what needs to be addressed.

Timetable

Certain business needs to be transacted at set times of the year and the timing of these requirements should be reflected in the list of meeting dates which should be prepared for at least a year ahead. This could include firm dates for (say) nine months, with suggested dates for later meetings which would be confirmed by an updated timetable issued on (say) a rolling six month basis. This list should incorporate reference to such business, e.g. dividend payment, preliminary announcement and report publication dates etc. Ideally meeting dates should not be altered to avoid:

- a) Members finding that although they could have attended on the original date they cannot make the amended date and
- b) Those required to originate and submit items and reports for the Board to alter what can be complex reporting procedures. Ideally Board meetings should not be cancelled although a short postponement may be inevitable on occasion. In most companies there is routine business which needs to be authorised or considered and cancellation may mean that required authority is not obtained, either leading to delay or possibly commitment without authorisation.

Timing and despatch of Agenda

There is no currently legal requirement to generate an Agenda for Board meetings or any prescription regarding its contents – although the EU is drafting a directive which would require Boards of listed PLCs to meet at least 4 times a year and may set out certain business which needs to be reviewed. Commercial pressures (apart from the need already highlighted to be able to demonstrate to shareholders and others that proper control of the company is being undertaken – that is that the Directors are exercising and can be shown to be exercising their duty of care) however will usually dictate that Board Meetings should be properly convened. The simplest way of effecting this is by sending a properly composed and issued Agenda with back up data to every member in good time, so that Directors are:

- a) Able to exercise the required control
- b) Able to make informed judgements on the matters requiring decisions, and
- c) Have information of the current company strategy and tactics (drawn from interfacing with their colleagues) to apply to their own direct responsibilities.

All Directors must be sent notice of the meeting (usually included as above as part of an Agenda) and supporting documentation. This should apply even when a Director has indicated that he will be unable to attend and/or will be out of the country (when company law states that there is no obligation to send him notice of a Board meeting). In this way the Director will receive not only the agenda but also the supporting documentation. Since most Boards operate under a kind of ‘continuum’, with policy developing in reaction to events, by reading the documentation and the minutes, even Directors who were unable to be present at a meeting should remain comprehensively briefed and updated. Ideally an agenda should be despatched at least 7 working days prior to the meeting and be accompanied by all relevant documents. Unless this occurs many members will attend not having read the papers, leading in turn either:

- To decisions being taken based on incomplete knowledge, or
- Using valuable meeting time whilst individuals check points in documents only received just before or even at the meeting. Where papers do need to be given to members late a summary, of the salient points should be requested as a covering sheet.

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There have been instances where data relating to contentious matters have been deliberately held back and tabled at the meeting so that the sponsor can try to gain acceptance without proper discussion. This kind of approach should be stopped by the Chairman since it is a denial of the right of Directors to be informed on matters on which they must make decisions. Indeed if they take a decision on a complex matter which is tabled rather than subject to normal notice, it could be argued that they are not exercising their duty of care. It also acts against the principle of the Board working collectively as a team.

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Aims

Meetings exist to take decisions. The Chairman/meeting should establish what decisions are required and by when. These should be stated when the body is set up (e.g. as its terms of reference) and possibly repeated at the commencement of the meeting to encourage focussing of attention. Where use is made of a dynamic Agenda this principle can be reflected within the Agenda itself. Much of the Board's work will be a consideration of routine business – nevertheless this is still an aim forming part of the overall duty to drive the business forward (i.e. taking relatively low key decisions to improve performance etc.).

Composition and cost

Only those required to attend should be present since a meeting's length tends to be proportionate to the number present. Obviously all Directors, unless unavoidably absent, should attend, but often a Board's numbers may be swelled by requesting the attendance of advisors – both internal and external (e.g. auditors etc.). Whilst the attendance of such persons may be essential for the proper consideration of individual items, they should be encouraged to attend only for the discussion of that item. If the Board is attended by persons whose contribution is unnecessary or irrelevant, the effectiveness of those required to be present and of the meeting as a whole will be diluted. Unfortunately attendance at a meeting can sometimes be regarded as an indication of importance which can then become an enticement to attend even when there is no point or requirement.

Calculating the cost per minute of those present at the meeting (based on annual salary plus on costs) may encourage a crude cost-benefit analysis of the value of the decisions reached. Consideration of such cost may concentrate the mind on the meeting's composition. All members should be encouraged to make effective contributions that are concise yet comprehensive. The rationale of a meeting is for its members to take decisions, and whilst some dialogue is necessary to explore all the ramifications of each item of business, allowing such dissection of data to become general discussions may be counter productive. Against this, 'brainstorming' should not be undervalued. However if this is required (e.g. to determine new products, direction, strategy etc. or simply to help formulate the latest business plan) it should be on a properly structured basis – at a meeting (perhaps off premises) deliberately convened for the purpose.

Data

Reports, analyses and all other data required for consideration by the meeting should accompany the Agenda (and be presented in Agenda order) or a note regarding late submission be appended thereto (see check-list below). Tabling a bulky or complex report should be avoided as decision-taking on its contents is likely to be uninformed. Where such data comprises bulky or complex reports, an accompanying precis of findings

and/or recommendations may be useful. A rule that all reports should contain brief and prioritised recommendations and incorporate a requirement to analyse the effect of NOT proceeding in the way suggested, may encourage effective analysis and action. Whilst the aim of this is to ensure that the meeting has available the information required in order to make most appropriate decisions, the requirement to prepare a synopsis and recommendations and to consider a 'no progress' alternative can focus the mind and may even suggest further alternatives – that is to achieve a dynamism of its own.

Procedure at meetings

Although the level of formality of the meeting will differ widely according to individual company preferences and custom, it is usual for all members to sign a book of attendance, and to address and speak through the Chairman, and for the Chairman to summarise considered suggestions(s), before taking the 'sense' or decision of the meeting – usually by consensus, but occasionally by vote. Summarising the decision should aid the accurate recording of the decision in the minutes. In a Board meeting each person (since they are obliged to be present) has a right to be heard on each subject, not least since the authority for the decisions depends on the collective responsibility of the Board as an entity.

Apologies for absence

Even though there is no explicit obligation on Boards to hold Board Meetings, Directors are obliged to attend Meetings if they are held. Indeed in the draft Articles for an LTD accompanying the 2006 Companies Act, Regulation 18(d) allows the directors to terminate a director's appointment if 'that person [has] repeatedly and without reasonable excuse failed to participate in processes by which majority decisions may be taken'. Equally Directors are under pressure (if only to be able to demonstrate that they are exercising the required control over the company and thus fulfilling their duty) to attend Board meetings unless such absence is unavoidable. Failure to attend without good reason could lead to accusations of dereliction of the duties Directors were appointed to undertake (apart from rendering them liable for personal penalties should the company find itself in difficulties). Thus it is important to record both who is present and who is absent. Some companies require their Directors to sign an Attendance Book for each meeting. In addition should they need to leave the meeting prior to its conclusion this fact should be noted in the minutes – as should late arrival. If an Attendance Book is not used (and even if it is) the names of those attending the Board should be noted in the Minutes of the meeting.

Quorum

If a quorum is required under the Articles (or is set by the Directors as is allowed in the Articles accompanying Companies Act 2006), the Secretary should ensure these requirements can be met. If difficulty is regularly experienced obtaining a quorum (for example the number of Directors is four and there is no wish to increase the size of the Board since it operates well, but the quorum is also four), the requirement in the Articles should be considered for review. One alternative to this would be to allow a non-quorate meeting to take place with all decisions arrived at being made 'subject to full Board ratification'. At the next following meeting at which a quorum is present all the acts and decisions arrived at by the non-quorate body can then be ratified. The problem with such a device is that if there is any appreciable time delay between meetings of the non-quorate body and the Board with a proper quorum any decisions may be held to be *ultra vires*. Legal advice should be taken. Whether Directors with interests in the subject matter can be counted as part of the quorum should also be checked to avoid the situation where decisions are made by a non-quorate Board with potential implications for those responsible.

Where the number of Directors is relatively low and the quorum required relatively high, care should be taken that a meeting which starts quorate does not become 'non-quorate' because a Director has to leave before its conclusion. Subject to authority in the Articles of course the Directors could appoint alternates to act if their principal is absent.

Where a Board is larger and requires specific matters to be considered by sub-committees, each of them should be given terms of reference including a quorum requirement. If a Board fails to observe quorum requirements then any decision can be put aside.

Case study: A singular problem

In *Smith v Henniker-Major* a director acting on his own purported to pass a Board resolution. The Articles stated that the quorum for valid Board meetings was two directors. The court stated that the resolution was a worthless piece of paper.

All directors (unless they are outside the UK) have a right to notice of a meeting and thus the director in this case was also in breach of this requirement.

Further, if, as a result of his illegal action, the company was subject to loss, presumably the shareholders could take action against him for acting 'ultra vires' the Articles and against their best interests.

Written Board resolutions

Although the concept should ideally be covered in the Articles, there is little to stop a Board passing resolutions regarding its business by means of written resolutions. To effect this, a copy of the resolution required to be passed should be sent to each member and if they agree they should be invited to sign their copy and return it. Ideally such a process would require unanimity but in theory at least there is little to stop a majority decision being binding provided all have had a chance to consider and vote on the matter (which is the process they would have gone through had they actually met).

Voting

Experience indicates that most business at Board meetings is agreed by consensus. Given that, to be effective, the Board must act as a team and despite sometimes divergent views share a common aim, this may not be surprising. However there may be occasions when consensus is not possible and a formal vote needs to be taken. The voting power of individual members needs to be checked against the terms of reference/appointment – for example:

- a) The chairman may be granted a second or casting vote in the event of an equality of votes
- b) In some instances the chairman only has a vote where there is an equality of votes
- c) Where a Director(s) is/are 'nominee(s)', for example of a major corporate shareholder (or of the 'senior' partner in a joint venture company), they may have enhanced voting rights in particular circumstances and so on. Once again the Articles (or the contents of a Shareholders Agreement. Such an Agreement should be carefully checked to ensure that there is no conflict with the Company's Articles) need to be referred to, to ensure votes are properly exercised – and a record is taken and preserved.

Interested parties

Under Company Law on appointment, or on gaining the interest if later, a director must indicate all interests in third parties with which the company is trading. Failure to do so or to breach the requirements regarding conflicts of interest, are subject to a fine. Thereafter the internal rules regarding such conflicts should be found in the company's Articles. Many will state a director must not vote on a matter in which he had an interest. Some Articles go further and state (for example) that he may not even join in the discussion and/or that he cannot be counted in the quorum for the meeting, etc.

The effective meeting

Although the responsibility for the convening and running of Board Meetings lies predominately with, and should be delegated to the Company Secretary (reference should be made to section 2 of this Module to review the secretary's responsibilities), ultimately Directors are responsible for all activities of the company. Few activities are more important than that of running Shareholder and Board meetings and every Director should be aware of the need to ensure that their meetings are effective, efficient and that all required business is reviewed and necessary decisions made. Board meetings should exist for one purpose only – to consider reports, data and business, thus enabling the Board to take decisions that will have the effect of driving the company forward to attain its aims. It should be obvious that to achieve this, those present need to be comprehensively briefed on the subject matters. This can be best achieved by ensuring that all reports, data and proposals are set before the members well in advance of the meeting so that they have time:

- To consider the content
- To think about it, and
- To make their own investigation or research on the subject, etc.

Inevitably there will be occasions when a report etc. has to be tabled – in such a case members should be required to present the report amplified by a brief summary of the findings and/or recommendations. The concept of providing a summary can be a valuable time-saver for other business – bearing in mind the responsibility placed on directors to be aware of the detail of items that they might be asked to sign. (See the D'Jan case in Module 1, section 2). For this reason a 'Data submission checklist' may be helpful.

Data submission requirements checklist

Timetable

1. A timetable for all required to attend and/or submit data to the meeting will be prepared on a rolling 6 month basis and issued by the Company Secretary.
2. Other than in the most exceptional instances, the timing of meetings will not be changed and any member unable to attend must let the Company Secretary know as soon as possible.
3. A member wishing to raise business at a Board Meeting must agree its inclusion with the Chairman 10 working days before the meeting and, providing the Chairman has approved its inclusion, advise the Company Secretary of the need to add it to the Agenda for the next meeting.
4. An agenda with supporting data should always be issued at least 7 working days prior to a meeting.

Data required

1. All information and reports should be made available to the Company Secretary at least 9 working days before the meeting.
2. All data should be submitted with the required number of copies. This number should be the number of persons entitled to receive the agenda plus any required to be sent out for information, plus, say, 2 spares.
 - a) Some companies distribute Board reports (even confidential material) to senior executives. An approved distribution list needs to be compiled.
 - b) Where it is usual for a number of documents to accompany the agenda, colour coding such documentation could be considered to aid swift reference during the meeting, although if the members keep their papers in 'Agenda order' this should not be a problem.
3. If data is not available to meet the submission deadline a written note of its availability date must be given, the Chairman must be informed and notes of the expected date of receipt/issue and source entered on the Agenda.
4. Those submitting data late must ensure it is conveyed directly to the meeting members prior to the meeting with the required number of spares given to the Company Secretary. Asking for data to be allowed to be tabled at the meeting, particularly if it consists of detailed, involved or lengthy reports may result in the item being 'left on the table' for consideration at a later meeting.
5. Documentation will always be presented in agenda order.

Presentation

1. Every item prepared for the [Board/committee] will be required to prepare a standard covering sheet (see below).
2. Subsequent sheets may be presented in the format most suitable for the subject matter.
3. The utmost brevity, commensurate with the subject matter, should be employed. Commentary (other than the minimum necessary to explain approach etc.) should be avoided and facts and suppositions, and opposing data, suitably differentiated must be presented clearly.
4. Source(s) of data should be referenced, and a summary used, rather than including such data as part of the submission.
5. The conclusions and recommendations that are required to be set out on the first page, must be clearly evidenced within the report.
6. Plain English should be used with jargon avoided. Where jargon is essential, a glossary accurately defining the terms used should be included.
7. A summary of the effect of NOT proceeding with the proposals should be provided.

Supporting commentary

1. At the meeting, the report's originator or person responsible for the subject matter should be prepared to speak to the report, to answer questions from other members and generally to assist the meeting to come to a suitable decision regarding its content.

2. Should the meeting require amplifying documentation this must be provided in the same format as that used in the original report and submitted for the next following meeting (or as agreed at the Meeting).
3. Proposers may be restricted to only one opportunity to support or promote the subject matter and should therefore cover all salient facts in their short presentation.
NOTE: This will entail marshalling all facts, data, comments and so on, balancing brevity against comprehensiveness, highlighting only the most important aspects and avoiding repetition, other than when necessary as a result of other members' questions.
4. Other meeting members should similarly endeavour to speak only once, putting forward their objections or comments in the same manner as set out in 3 above.
5. After such proposal and counter-comments, if the subject is of such import the Chairman may wish to encourage a short general discussion on the subject, otherwise the next move will be to summarise the content and take the sense of the meeting.

Decisions

1. Decisions will be summarised in the Minutes of the meeting. A synopsis for non-Board members will be communicated by the Company Secretary and/or the sponsoring member.
2. If referred back for reconsideration the decision will be supported by a copy of and extract of the minutes dealing with the subject which will include any conditions, timing, capital expenditure, and so on.

Draft covering sheet for data submitted

Report title _____

Date of report _____

Author/sponsoring dept _____

Data to be considered by meeting _____

Subject matter (aims of report/submission/etc.) _____

Recommendations 1 _____

2 _____ etc.

Summary of facts/contentions supporting recommendations

Summary of facts/contentions contesting recommendations

Implications for organisation if not proceeded with

Implications for organisation if not proceeded with NOW

Capital expenditure implications

Skill/personnel implications

Timing required _____

2. A MEETING'S TWO KEY PLAYERS – THE CHAIRMAN AND SECRETARY

Key players

Whilst every meeting is different and every requirement varies, there are two key players common to most meetings: a chairman and a secretary – someone to lead the discussion and ensure the meeting makes the required decisions, and someone to take notes of the decisions arrived at. Effective meetings need both and as key players their joint and separate impact on the meeting can be considerable.

General responsibilities of the Chairman

The position of the Chairman is pivotal in terms of the effectiveness of the meeting and its approach to and determination of its work. One of any Chairman's prime tasks should be to drive the company forward which may mean ensuring that the Board is posed with strategic challenges and a requirement to formulate at least medium term plans, rather than concentrating on results which are often 'past news' before they are considered. The meeting will normally reflect far more the character, drive and inspiration of the Chairman than any other factor or member. If this is not so then it may be that the meeting is being dominated by someone other than its Chairman. The Chairman should be able to lead by force of personality and respect.

Chairman's general responsibilities checklist

- a) To ensure that each meeting is geared to moving the company forward to the aims set for it and to attain the plans set by the meeting itself
- b) To take responsibility for pushing the meeting itself to consider all its business (including forward planning) and to attain its aims
- c) To be conscious of what is trying to be achieved from each item of business and from the entire meeting
- d) To ensure that not only is each item on the agenda dealt with comprehensively, but also that all members are heard on the subject, which may mean actively inviting members to contribute, rather than passively waiting for them to do so
- e) To ensure that members act and deliberate as Directors for the whole company rather than as managers for their particular function
- f) To bring the meeting back to the business in hand should it stray from such considerations
- g) To close down members' arguments or contentions where these threaten to detract from proper consideration of the subject matter and are not progressing the discussion. This is particularly relevant if the meeting is subject to a time limit. The problem is that often the value of such contributions may be in inverse proportion to the amount of time spent propounding them. Moving the meeting on can then take a great deal of tact.

- h) To ensure the decisions arrived at are recorded and promulgated and subsequent meetings are arranged only when business requires.
- i) To lead the discussion and the meeting itself. A chairman is a leader and an effective leader is someone who makes things happen and achieves results through people. The required work of the chairman is thus to make things happen.

An effective Chairman will have determined the purpose of the meeting, and should wish to see the items of business considered by the meeting moved towards the attainment of the purpose. If he becomes aware of any possibility of this aim being frustrated, it is his responsibility to try to 'take out' or 'neutralise' the opposition. Since this may be difficult in the meeting itself, as it will gain attention and the opposition might gain support, it may be best for him to take the initiative in advance of the meeting.

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Case study: Constructive diversion

The Chairman became aware that a board member intended raising the question of standards of on-site safety at the Board. He was also aware that the Director responsible was under great pressure and were such an emotive matter to be raised in public forum, a divisive argument was certain to develop. Accordingly he set up an informal discussion before the Board to consider how safety standards could be improved. In such a neutral atmosphere and under duress from the Chairman, a joint approach using the skills of both parties in harmony was developed. The Board simply received a brief verbal report of the initiative.

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Key technique

In this instance the Chairman was made aware of the development by the Secretary who acted as his confidante and shop floor 'ears and eyes'. As an alternative the Chairman needs a high profile presence so that he becomes aware personally of the developments, or has sufficient perception to second guess them. However by virtue of his position it may be difficult for him to receive such messages – few may be prepared to reveal the true state of affairs.

Progressing the meeting

Chairmanship relies on a strong personality, to carry both business and members along, and in order to manipulate the meeting so that its aims are achieved. The chairman needs to have:

- Vision, to move the meeting towards the attainment of its aims
- Perception so that almost by instinct and certainly from a process of sound leadership and active listening (see Module 4, section 1) he is aware of the aspirations and preferences of each member
- Good communication skills so that this vision is easily communicated to the other meeting members
- Enthusiasm to motivate members so that they learn to believe in plans and in their own ability to perform and achieve them, and
- The ability to delegate, to force decision making and accountability down the chain of command, not so that someone at a low level can be left 'carrying the can' but to widen their horizons, make them aware of the issues and encourage them to make suggestions – an awareness

that from time to time certain board members may need support and be prepared to provide this. Boards are at their most effective when they act as a team under a dynamic leader. Individual disagreements need to be sublimated in favour of a common concerted approach.

Case study: Laying it on the line

The chairman in his opening address to the new divisional Board, not only welcomed all members but stated that the Board would be run as informally as possible, but that this would be matched by a need for total accountability and commitment. He added that he only wanted members at the meeting who were prepared to operate under those guidelines and invited anyone not prepared to do so to leave the meeting. No-one moved.

Key technique

This public declaration acted as considerable peer pressure on all present.

Controlling the members

Effective meetings may require the Chairman to manipulate both meeting members and the meeting itself, which may not be as difficult or Machiavellian as it sounds, since if people can identify with a successful effort they tend to co-operate and work more effectively in most cases. If they have something of which they can be proud, and know that their contribution is important to the meeting and the organisation, they tend to commit to a far greater degree than is otherwise the case. In any event basic involvement tends to create an environment where individuals work willingly.

What is needed is for the Chairman to motivate the members, possibly by the judicious use of praise, as well as allowing them to bring to the meeting certain problems for discussion and assistance. Meetings can be used as sounding boards although they should not be allowed to operate as a means of gaining collective decision where such decision should have been taken individually. Even though such business may be outside the strict aims/business of the meeting, allowing discussion should engender a positive attitude. Within an established meeting consensus may often be achieved, although there may be instances when conflict will surface. Indeed it is arguable that a certain amount of constructive conflict can generate ideas and move the meeting towards its aims. If destructive conflict arises, the Chairman needs to be able to either remove it or direct it positively.

Motivating members

The role of Chairman combines that of 'first among equals' with that of leader, and this dual role should always be recognised. In the latter endeavour the Chairman should ensure the best of each member is brought out. Unfortunately it can be easy for a dominant person to take over the meeting and for less dominant members to be overshadowed to such an extent that they make little or no contribution. If this occurs then the Chairman's responsibility is to encourage the quieter members to make a contribution, even, if necessary, silencing others in order to allow them to do so. In this the Chairman may find it helpful to adopt the following guidelines.