

Egon Zehnder International has been pioneering board consulting and director search best practices for more than 15 years. We are one of the world's largest privately owned executive search firms, with 58 offices in 36 countries.

For information on our methodology and specific case studies, please see our brochure, *Building Great Boards: People, Partnership, Performance*, or visit our web site: www.egonzehnder.com.

Twelve Questions to Answer One:
Will a Board Review Improve Your Team and Talent?

What makes good boards great?

In today's turbulent corporate climate, regulators and many stakeholders seek to have boards evaluated against basic, objective metrics, such as meeting attendance, equity involvement, tenure, committee composition, and apparent independence.

But the most successful boards go beyond these metrics and function in a climate of trust, open dissent and individual accountability. They are teams that embrace rigorous and methodical evaluations of their own performance. The quality and capabilities of the individuals sitting around the table and the culture they create as a team makes these boards great.

After conformance?

Performance. And the first step to improving board performance is to measure it. Increasingly, codes of corporate governance are proposing, if not prescribing, that board performance be regularly reviewed. After decades of establishing systems to evaluate executive talent, the trend now is to proactively address external pressures by assessing boards.

How? And against what criteria? Egon Zehnder International's decades of experience assessing senior leaders and management teams and dealing with boards and individual directors has resulted in tested and proven board-specific evaluation approaches.

What is a Board Review?

The comprehensive evaluation of a board's effectiveness and performance is a two-step process: the strategic review of the board as a team, and the appraisal of each board member.

- The team ("Board Review"): An in-depth look at how the board performs as an entity. This includes a systematic evaluation of the structure, processes, people, and performance of the board.
- The individuals ("Director Appraisal"): A personalized analysis of each board member's current and potential contribution, reviewing each individual's values, competencies, and experience, and his or her relevance to the board's future challenges and strategy.

Why conduct a Board Review?

Board Reviews generate an informed understanding of where you stand today and in relation to the best of your competitors. They provide:

- An informed understanding of the effectiveness and potential of your current board.
- An audit of the suitability of the people around the table, given the company's future strategy.
- Confirmation that the whole delivers (or does not deliver) more than the sum of its parts.
- Results that will enable you to benchmark your processes, structure, and information flows against the best global practices.

When is a Board Review necessary?

Board reviews are particularly relevant in times of change or discontinuity. Do you anticipate significant changes or developments in your business or management structure? Are succession issues looming? Are you facing relationship issues at board or management levels? Are some of your directors retiring or are you considering new appointments? Or do you simply prefer studied confirmation over simple assumption in believing your board is performing at a superior level?

Board reviews provide valuable insights on the road to your future for your team, your organization, and your shareholders.

What is involved?

Board reviews are built on methodologies, research, and judgment developed over decades of working with senior leadership and governance teams. Egon Zehnder International's Board Review approach goes beyond the obviously measurable, behind appearances and numbers, and involves wide-ranging and in-depth discussions with all the individuals involved: the chairman, directors, and senior managers.

- Methodologies: Analysis, assessment tools, and questionnaires tailored to each level and every aspect of the whole: boards as entities, specific committees, and individual directors.
- Research: Findings are backed up and enriched with published information, our in-house resources, and our detailed knowledge of global best practices.
- Judgment and Expertise: The complexity of the task demands the decades of experience we have accumulated in assessing leadership talent and teams in global firms.

Is your team more than the sum of its parts?

Our Board Reviews focus on three areas, assessing the effectiveness of the way the board functions in each.

Structure: including tenure and independence, board committees, and board structure and composition.
Process and relationships: including board meetings, board and management responsibilities, board roles and responsibilities, information flows and presentations, decision-making processes, and shareholder and stakeholder reporting.
Results: strategy and performance objectives, structure, people, succession planning, and remuneration, and company performance.

How talented are your directors?

Having completed a Board Review you can go further: the next step is Director Appraisal. Based on extensive research and market testing, we have identified not only the core competencies required of all directors, but we have also identified the complex equilibrium between the range of different competencies required in effective service of an organization's goals.

The core competencies required of all directors include: commitment to board results, strategic orientation, collaboration, and board integrity and independence. An additional competency required of the chairman is board leadership.

On most boards, other skills and experience will be required of one or more directors. Depending on the business and its challenges, these may include market and brand orientation, cultural and international sensitivity, specific functional competence, public company experience, specific industry knowledge and experience, regulatory environment experience, or financial expertise (for Audit Committee members).

How extensive is a Board Review?

Egon Zehnder International tailors its Board Reviews to each organization's needs. From a global overview of the functioning of the board team, to a highly individualized appraisal of each director's contribution and impact, we offer the appropriate level of response to the source and strategic nature of the challenges being faced.

How often are Board Reviews needed?

Board Reviews should be carried out on a regular basis. They are worth undertaking yearly, but at a minimum should be conducted every 3 years. Egon Zehnder International can also assist organizations wishing to manage their on-going review process in-house by transferring the required competency methodologies and providing monitoring for the process. For organizations preferring external support, we will conduct periodic Board Reviews.

What are the results?

Egon Zehnder International's Board Reviews deliver a strong, independent base for change and improvement and informed insight into the realities behind the boardroom door. Board Reviews offer rich and validated insights into the multiplicity of perspectives that boards represent, as well as recognition of where these views meet and where they diverge. Realising the human reality behind the rational numbers, we translate this complexity into a simple and visual map of the board's people, processes, and performance.

Why Egon Zehnder International?

Egon Zehnder International takes a profoundly people-oriented approach to Board Reviews. Our extensive experience base and diverse methodologies enable us to assess every aspect of effective boards: from talent and teams to the environment and temperature in the boardroom.

Independence, objectivity, sensitivity, and transparency are qualities for which our clients have long respected us. Decades of refining experience, judgment, and business expertise give us the authority to provide tailored and fresh approaches rather than generic recipes. But besides credibility, perhaps the greatest value that Egon Zehnder International brings to the boardroom table is the courage and integrity to tell our clients the truth as we see it.