

Earning a seat at the boardroom table

Points to consider

Board Leadership Center (India)



The last decade or so has seen a paradigm shift in the profile of directors. Gone are the times when people interested in board roles used to view them as a 'retirement job' or a chance to take their hands off the wheel and drive back-seat. Board roles have now become a new career path through which board members continue to contribute to business growth from a different vantage point. In today's fast paced and dynamic business environment, there is an increasing need for board members to stay updated with market developments and keep pace with time.

To stay relevant, aspiring directors need to demonstrate their ability to add value through their expertise and

knowledge and ensure effective governance.

In addition to this, companies today are under immense pressure to make their boards diverse, with adequate gender representation, mix of cultures and backgrounds, and cross-functional skills. Given the increasing market pressures and needs of organisations, getting a seat on the board table might get a little tricky which leads us to the baseline question - what can leaders aspiring to be board directors do to prepare themselves for success in board positions? Through this paper, KPMG in India's Board Leadership Center aims at answering this question.



Key considerations

Before taking up the role, there are a few key things that the 'directors-to-be' should consider ensuring they are fully prepared and ready to make a positive impact. While there is no 'one-size-fits-all' approach and the specific requirements may vary depending on the organisation and the board's needs, there are some general traits that are typically sought after. Some of the key aspects to consider are:

1. Determine your ideal board position

First and foremost, aspiring directors must consider what type of board they would like to serve on and at what position, based on their skillset, interests, and career goals.

2. Understand the role of a director

Before joining a board, it is essential to have a clear understanding of the director's responsibilities, duties, and legal obligations. Directors have fiduciary duties to act in the best interest of the organisation and its stakeholders, which includes overseeing the management team, setting strategic goals, and monitoring performance. It must also be kept in mind that with changing times, role of board continues to evolve. Flexible, open, and global mindset is something that has now become a pre-requisite for board members.

3. Evaluate your skills and experience

Aspiring directors should assess their skills, knowledge, and experience to determine whether they are a good fit

for the board. Consider what value you can bring to the board, and whether you have the skills and experience needed to fulfill the responsibilities of a director. One must evaluate their strengths and weaknesses and seek to develop any areas where they may need to improve. If need be, the aspiring directors should seek training and education to help them prepare for their board role. There are various courses, workshops, and certifications available to impart knowledge and skills needed to succeed on a board. Aspiring directors should also seek mentorship or guidance from experienced directors to help them navigate their new role.

4. Research the organisation

Before joining a board, it is important to thoroughly research the business. Review the mission, values, financial statements, and other relevant documents to gain a better understanding of their operations, challenges, and opportunities. Aspiring directors should also review the organisation's governance structure and board composition.



5. Understand the culture

Every organisation has its unique culture, which influences how decisions are made and how work gets done. Aspiring directors should get a sense of the organisation's culture before joining the board to ensure they are comfortable with its values, norms, and practices. Directors who are not aligned with the organisation's culture may have a harder time making a positive impact and may not enjoy their board service.

6. Get to know the other directors

Joining a board means working closely with other directors to make important decisions that impact the organisation's success. Aspiring directors should take the time to get to know the other directors and learn about their experiences, skills, and perspectives. Building strong relationships with other directors can help aspiring directors work more effectively and make a more significant impact

7. Understand the time commitment

Serving on a board requires a significant time commitment, which can vary depending on the organisation's size, complexity, and needs. Aspiring directors should understand the time commitment required and ensure their availability to attend meetings, participate in committees, and engage in other board activities

8. Create a strong resume and profile

Building a strong profile is important for finding a place on the table. While creating resumes, the to-be directors should highlight their skills, expertise, accomplishments and the leadership and strategic thinking abilities.

9. Prepare for interviews

If an aspiring director is shortlisted for an interview, they need to be prepared to discuss their qualifications, experience, and ideas for the organisation. One must research about the company and board beforehand and be ready to demonstrate how they can contribute to their success.

10. Develop a strong moral compass

Directors must be able to act independently and make decisions that are in the best interests of the company, even if those decisions are difficult or unpopular. They should be able to exercise sound judgment and maintain their independence from management and other stakeholders. Directors must also have a strong sense of ethical conduct and act in the best interests of the company and its stakeholders. They should be able to identify and manage conflicts of interest and uphold the highest standards of integrity.



Suggested reading material

For an aspiring board member, there are several key areas of reading material that they could focus on to prepare themselves for the responsibilities of serving on a board. First-time directors should be willing to learn and invest time and effort to understand the company's operations, culture, and governance structure. They should be open to feedback and willing to take the time to build relationships with other board members and key stakeholders. Some key areas for suggested reading:

Corporate governance

As a board member it is essential to have a strong understanding of corporate governance principles and practices. One can start by reading the codes of governance and guidelines published by the Ministry of Corporate Affairs, Security Exchange Board of India (SEBI), and the Organisation for Economic Co-operation and Development (OECD), among others.

Financial statements and reporting

Boards are responsible for overseeing a company's financial performance, so it is important to be able to read and interpret financial statements. Start by familiarising with the basics of financial statements, such as the balance sheet, income statement, and cash flow statement.

Risk management

Boards are also responsible for overseeing a company's risk management processes. This includes identifying and assessing risks, developing risk management strategies,

and monitoring risk exposure. Therefore, aspiring directors should try and read about risk management frameworks.

Strategic planning

Boards are responsible for giving a strategic direction to the company. Reading about strategic planning frameworks and processes, such as company SWOT, PESTEL analysis, etc. can be of great use for aspiring directors.

Legal and regulatory compliance

Gaining knowledge about the relevant laws, can help directors gain insight if the company complies with legal and regulatory requirements.

Board dynamics and communication

Boards must work effectively as a team and communicate with management and stakeholders. Aspiring directors should take into consideration reading about the best practices for board dynamics and communication.

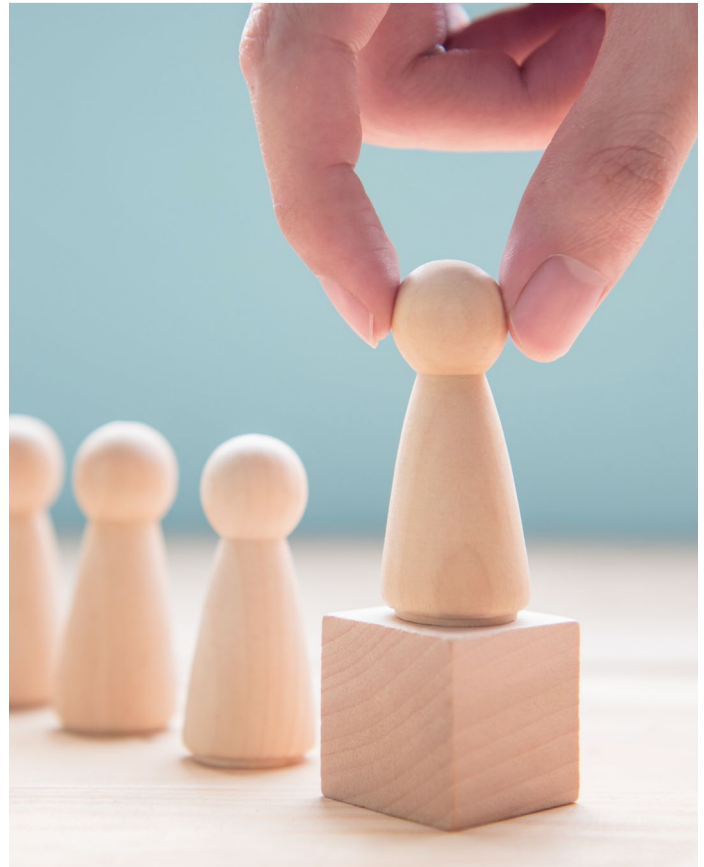


In summary

Joining a board of directors can be a great opportunity for aspiring leaders to gain valuable experience, build their network, and contribute to an organisation's success. However, it is important for aspiring directors to approach board service with careful consideration and preparation.

By understanding the organisation and its mission, knowing the role and responsibilities, understanding the time commitment, considering the board culture, understanding legal and ethical responsibilities, preparing to collaborate and build relationships, and seeking out training and support, one can ensure that they are a good fit for the board and the organisation and can fulfill their responsibilities effectively.

As companies across the board are aiming for stronger governance and board structure, their expectations from board members are only going to increase. Companies are now looking for board members who can develop a robust board agenda to highlight critical forward-looking activities, ensure governance, and focus on meeting strategic goals. Companies need a more collaborative approach between boards and management; and therefore, the role of board member needs to transform from a fact-checker to a solution-driven issue-resolver. By keeping the aforementioned points in mind, aspiring directors can become the architect of their board careers while making a positive impact on their organisation's performance.



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30 years
and beyond

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