



For robust strategy discussions, finding time is just the first hurdle

By Dennis T. Whalen



As technology, innovation, and other forces continue to disrupt business models, boards are increasingly asking: Are we spending enough time on strategy? To be effective, boards need to have a deep understanding of the context in which the company is operating, which requires an ongoing process working closely with management.

To help identify the challenges and concerns directors face as they seek to deepen their board's engagement in strategy, the KPMG Board Leadership Center surveyed more than 120 directors on a range of issues—from the most challenging areas of strategy to setting expectations for how the board will engage in strategy, as well as the lead director's role in facilitating the board's oversight of strategy. Notably, only half of those surveyed expressed confidence that all of the directors on the board have a good understanding of the company's strategy. Such a lack of consistent understanding of the strategy may lead to ineffective oversight from the board. Other takeaways from the survey include:

Most directors want to spend more time on strategy. That's not surprising given the complex business and risk environment and increasing stakeholder expectations for board involvement in strategy. While most respondents said the board, ideally, should spend at least 30 percent of its time on strategy—some said 40 percent or even more—nearly seven out of 10 reported that their board currently devotes less than a third of its time to strategy.

Helping to recalibrate strategy is particularly challenging. Nearly half (46%) of respondents described their board as only "somewhat effective" or "not effective" at helping to recalibrate strategy based on changing conditions. Other areas where the results suggest room for improvement include challenging strategic assumptions (34% somewhat or not effective) and monitoring strategic execution (30% somewhat or not effective).

For more on this topic, read [Facilitating the board's engagement in strategy](#)



Reassess how the board engages in strategy.

According to the directors surveyed, the three most productive ways for lead directors to facilitate board engagement in strategy are: working with the CEO to find the right level of board engagement (55%); planning the agenda, setup, and staging of board discussions to drive the right dynamics in the boardroom to focus on strategy (52%); and setting clear expectations for how the board will engage in strategy (50%). When asked to describe the setup and staging of board discussions, directors identified several practices their boards employ, including: viewing strategy as an ongoing process (54%); placing strategy on the agenda of every board meeting (42%); periodic board education sessions to take deeper dives into key strategic issues, such as competitive forces, information technology, talent, regulation, industry trends, and strategic options (39%); and holding an annual, multiday retreat to evaluate strategy (30%).

Individual directors need to be students of the company. While 70 percent of the directors surveyed reported that their board sets clear expectations of management regarding the strategy process and the board's related information needs, less than one-third (32%) said that their board sets clear expectations that each director become a student of the company and industry. Individual directors need to be proactive about their own education through various means, including reading media coverage of the company, visiting

company facilities, and experiencing the business firsthand in order to better understand the company's strategy and risks.

While ensuring that the appropriate amount of time is allocated to strategy at the board level is essential, the survey findings show that it is just the first hurdle in getting the strategy process right.

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