

**THE ANNUAL NOT FOR PROFIT ORGANISATIONS  
FINANCIAL MANAGEMENT CONFERENCE**

***DATE: 5<sup>TH</sup> – 7<sup>TH</sup> NOVEMBER, 2014***

***VENUE: - SAROVA WHITESANDS BEACH RESORT  
AND SPA - MOMBASA***

***THEME: FORTIFIED GOVERNANCE FOR  
EFFECTIVENESS***

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CEO & Team Leader  
JMG STRATEGY INNOVATIONS LTD**



**Thursday, 6<sup>th</sup> November 2014**

**09:00- 09:45**

**Leadership and Governance: The Role of Board  
Members and Management**



# ROLE AND FUNCTIONS FOR BOARD MEMBERS, AND CEO

- 1) Staying on top of what is happening, closely monitoring progress, ferreting out issues and learning **what obstacles lie in the path of good execution.**
- 2) Promoting a culture that mobilizes and energizes organizational members to execute strategy in a component fashion **and perform at a high level.**



## Cont.. **ROLE** FOR BOARD MEMBERS

- 3) Keeping the organization responsive to changing conditions, **alert for new opportunities**, bubbling with innovative ideas, and ahead of rivals in **developing competitively valuable competencies and capabilities**.
- 4) Exercising **ethics leadership** and insisting that the company conduct its affairs like a model corporate citizen.
- 5) **Pushing corrective actions** to improve strategy execution and overall strategic performance.



# BOARD RESPONSIBILITIES

- **Review and approve** management's strategic and business plan.
- Review and approve financial plans, objectives, and actions including significant capital **allocations and expenditures**.
- Recommend director candidates for election by shareholders.
- **Evaluate Chair/CEO** and other senior executives.
- Compensate Chair/CEO and other senior executives based on performance in meeting **predetermined standards and objectives**.



Cont...

- Review management development and **succession plans.**
- Review procedures designed to promote compliance with laws and regulations and setting an ethical tone at the top.
- Review procedures designed to promote integrity and candor in the audit of the company's financial statements and operations, and in all financial reporting and disclosure.
- **Assess the effectiveness of the board's governance practices and procedures.**



Cont...

## ***Risk Management***

- Appraise the company's major risks and determine that appropriate risk management and control procedures are in place.



# Roles of the Chair

- Leads board meetings
- Builds positive working relationship with the board
- Strives for constructive, effective, value-added, focused meetings
- Ensures focus on the right issues and provides useful information
- Keeps board informed on a timely basis of significant positives/negatives (totally open and honest)
- Uses meetings and other contacts with board to tap knowledge and wisdom
- Strives to make the board a competitive advantage
- Provides board open access to senior management team



# **MANAGERS ROLE IN IMPLEMENTING STRATEGY**

- 1) They can play an active, visible, take-charge role or a quiet, low key, behind-the-scenes one.
- 2) They can make decisions authoritatively or on the basis of consensus; delegate much or little; be personally involved in the details in the details of implementation
- 3) Or stand on the sidelines and coach others; proceed swiftly (launching implementation initiatives on many fronts) or deliberately (remaining content with gradual progress over a long time frame).



## Cont...

How managers lead the strategy execution process tends to be a function of;

- 1) Their experience and knowledge of the business;
- 2) Whether they are new to the job or veterans;
- 3) Their network of personal relationships in the organisation;
- 4) Their own diagnostic, administrative, interpersonal, and **problem-solving skills**;



## Cont...

- 5) The authority they've been given;
- 6) The leadership style they're comfortable with; and
- 7) Their view of the role they need to play to get things done.



# A new Paradigm of Performance Management

A Win-Win Performance Agreement is a written understanding that clarifies expectations between leaders and team members.

<b>Traditional Performance Management</b>	<b>Win-Win Performance Management</b>
<b>Boss decides what to work on.</b>	<b>Boss and employee decide together what the desired results are.</b>
<b>Ambiguous or unclear individual work goals.</b>	<b>Clear goals with clear measures.</b>
<b>Little notion of consequences.</b>	<b>“Wins” clearly defined for all parties, as well as consequences for nonfulfillment.</b>
<b>Awkward, infrequent performance reviews that are disconnected from results.</b>	<b>Frequent reviews where all parties account for progress toward goals.</b>
<b>Unmotivating - “wins” are undefined or unclear.</b>	<b>Highly motivating because performance is driven by “wins” for all parties.</b>
<b>Boss rates employee’s performance on vague criteria.</b>	<b>Boss and employee both rate performance on clear criteria.</b>
<b>A bureaucratic, impersonal ritual that doesn’t improve performance.</b>	<b>Performance improves and relationships are strengthened.</b>



# BOARD EVALUATION





# THE BOARD AND STRATEGY PLUS

## effective boards :

- Building an organization with the competencies, capabilities, and resource strengths needed for successful strategy execution
- Allocating ample resources for strategy - critical activities
- Establishing strategy supportive policies
- Instituting best practices and pushing for continuous improvement

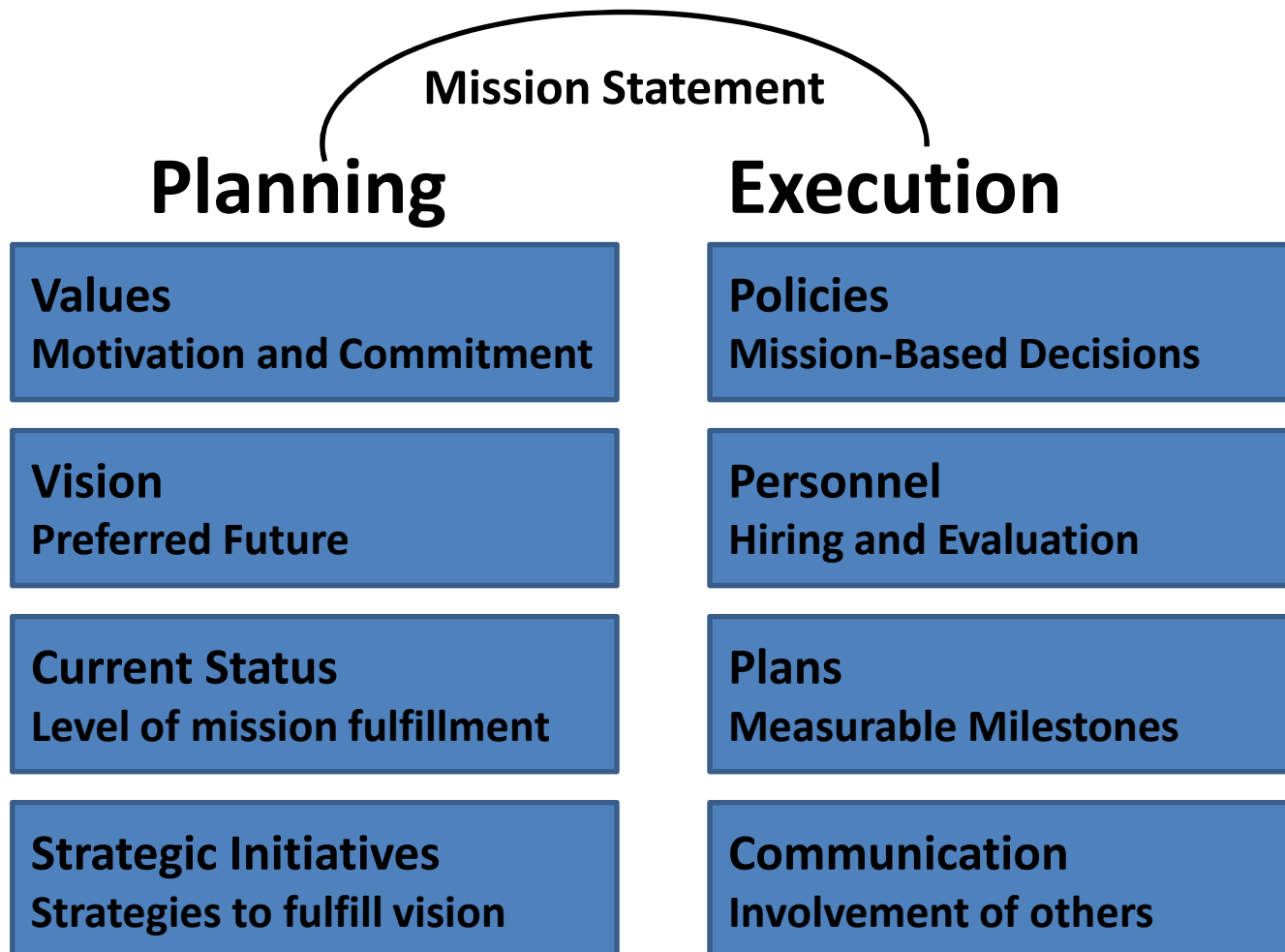


Cont...

- Installing ICT and operating systems that enable company personnel to better **carry out their strategic roles proficiently**
- Tying rewards and incentives to the **achievement of key strategic targets**
- Shaping the work environment and **corporate culture to fit the strategy**
- Exercising the **strategic leadership** needed to drive implementation forward



# THE MISSION STATEMENT UMBRELLA





# Values Audit Summary

**Key result values: What does our organization exist to do?**

- 1.
- 2.
- 3.
- 4.
- 5.

**Means values: What do we believe about how we should do it?**

- 1.
- 2.
- 3.
- 4.
- 5.

**Existential values: What kind of people should we be?**

- 1.
- 2.
- 3.
- 4.
- 5.



# LEADING THE EFFORT TO ESTABLISH A STRATEGY-SUPPORTIVE CULTURE

- Successful culture changes have to be personally led by top management; it's a task that can't be delegated to others.
- What organizational leaders say and do plants the seeds of culture change.
- Initiating substantive and forceful actions to flush out the undesirable culture traits and replace them with the desired new ones.



**Strategic asset directors**, show a keen awareness that board meetings must be productive-and they work at it-in order to maintain a high level of corporate governance. As a result, board meetings not only are more challenging but also are more exciting and enjoyable than they otherwise might be.

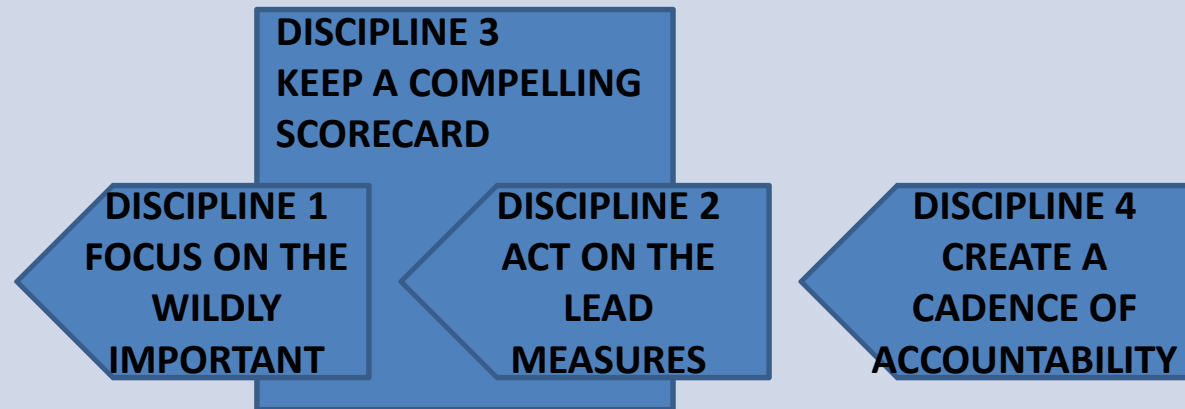
**Equally important, strategic asset boards pay close attention to and involve themselves in strategic issues.** This means that they typically stay constructively engaged in helping to develop corporate strategy and challenging management's strategic planning assumptions.



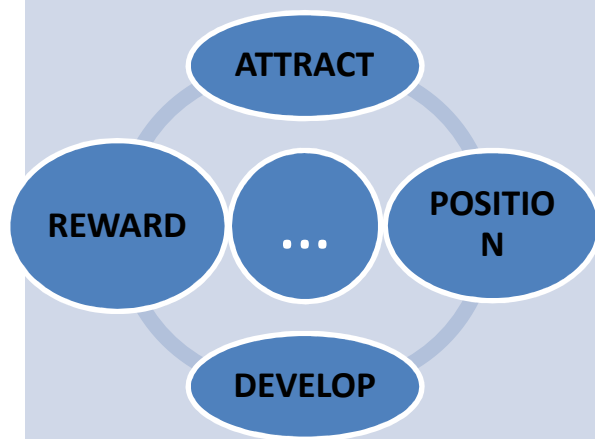
# FOUR ESSENTIAL SYSTEMS

Although many systems are important to running a great team or organization, there are four systems that are essential to your success.

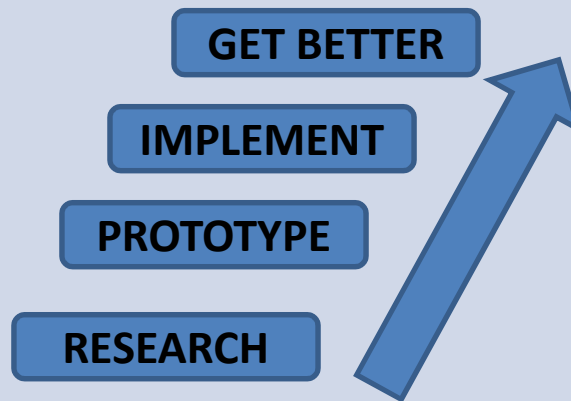
## EXECUTION



## TALENT



## CORE WORK PROCESSES



## CUSTOMER FEEDBACK

$$P - D = NPS$$



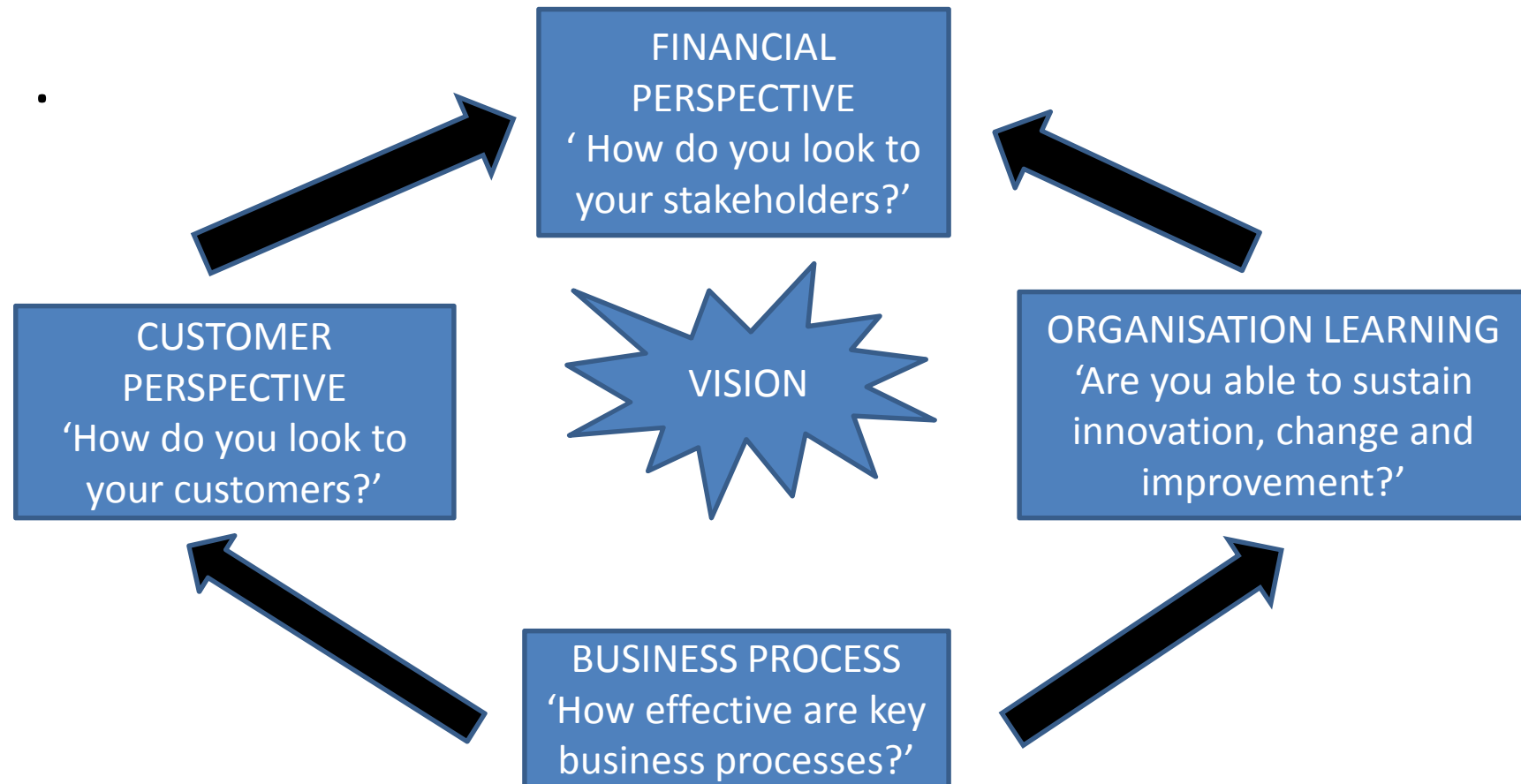
# **Overcoming Implementation Challenges**

## **LEADING THE STRATEGY IMPLEMENTATION AND EXECUTION PROCESS**

One make-or-break determinant of successful strategy implementation and execution is how well management leads the process.

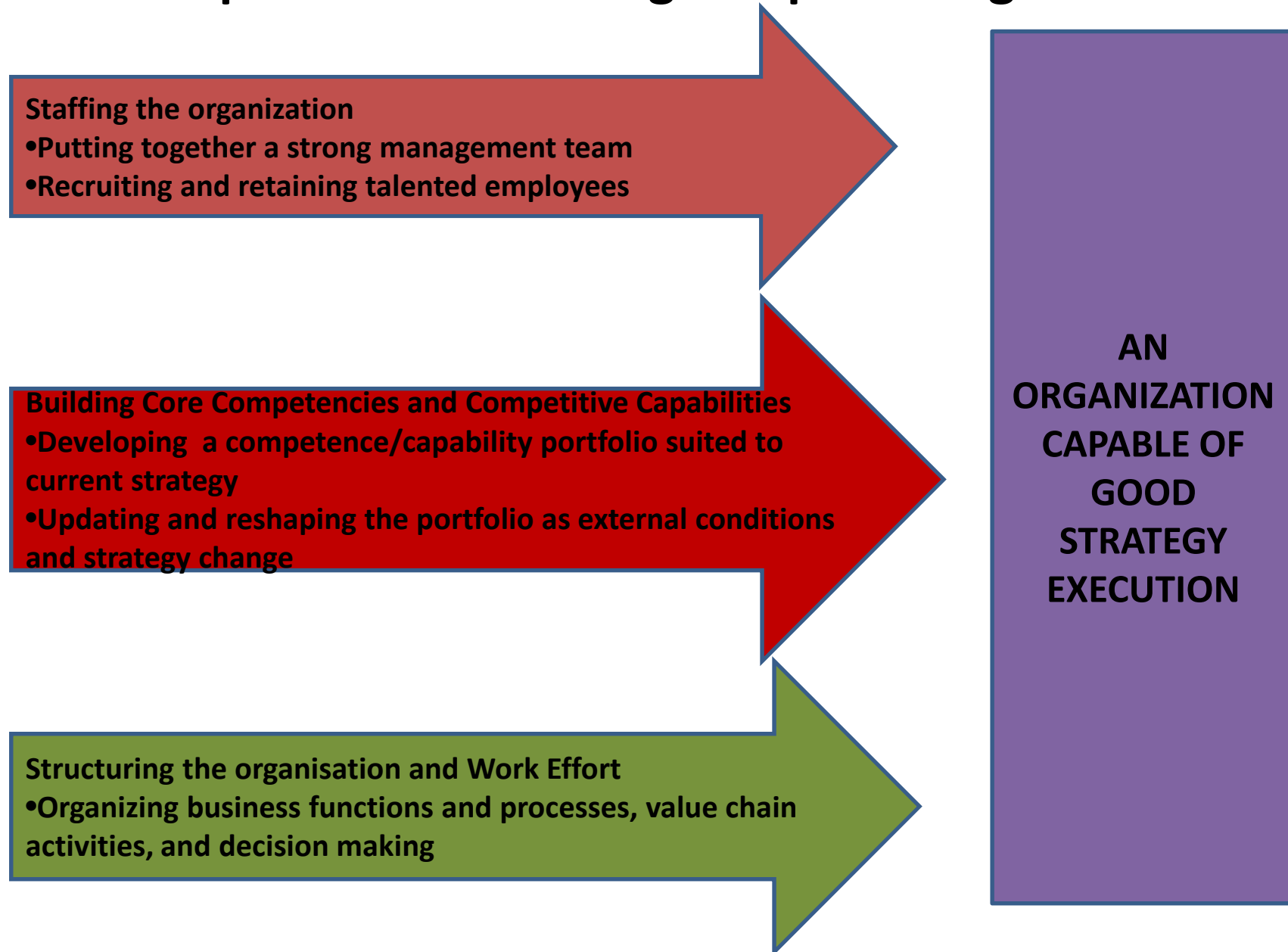


# The Business Balanced Scorecard





# The Components of Building a Capable Organization





# DIRECTOR EFFECTIVENESS AND LEGAL ROLE:

## ALIGN **SYSTEMS**

- Success is in the systems.

Great leaders align systems for results and institutionalize them to endure over time.—**FOR YOUR TERM ,specifically you want to achieve WHAT?**

- **Mind-Set**

**MEDIOCRE LEADER:** Everything is so dependent on me.

**GREAT LEADER:** Enduring success is in the systems.



## Cont... Consolidation of Broad Objectives

### Skill-Set

- Implement four essential systems:
  - Execution
  - Talent
  - Core work processes
  - Customer feedback



## Cont... Consolidation of Broad Objectives

### What is a Great System?

**SYSTEM:** A process, method or set of procedures for achieving something.

**GREAT SYSTEM:** A system that-

- Is aligned to achieve your highest priorities.
- Enables people to give their best.
- Operates independently of the leader.
- Endures beyond the leader.



## **Cont... Consolidation of Broad Objectives**

### **EXECUTION**

Every great team needs a process to focus on and execute around their top priorities. Without such a system, success becomes a matter of chance and unpredictable factors.



## **MURIMI SAYS THANK YOU**

- 1) You must set performance goals that focus on results – not in activity
- 2) Allocate resources to opportunities – not problems
- 3) Results and resources exist on the outside.

## **THE KNOWLEDGE YOU NEED**

Level 1: I don't know what I didn't know

Level 2: I know what I don't know

Level 3: I have an action plan to address what I now don't know

Level 4: I am knowledgeable and effective in this core competency and can mentor others.